



CITY OF MERCER ISLAND

CITY COUNCIL REGULAR HYBRID MEETING

Tuesday, October 01, 2024 at 5:00 PM

MERCER ISLAND CITY COUNCIL:

Mayor Salim Nice, Deputy Mayor David Rosenbaum,
Councilmembers: Lisa Anderl, Jake Jacobson,
Craig Reynolds, Wendy Weiker, and Ted Weinberg

LOCATION & CONTACT:

MICEC – Slater Room Council Chambers and via Zoom
8236 SE 24th Street | Mercer Island, WA 98040
206.275.7793 | www.mercerisland.gov

We strive to create an inclusive and accessible experience. Those requiring accommodation for meetings should notify the City Clerk's Office 3 days prior to the meeting at 206.275.7793 or by emailing cityclerk@mercerisland.gov.

The hybrid meeting will be live streamed on the City Council's [YouTube Channel](#).

Individuals wishing to speak live during Appearances (public comment period) must register with the City Clerk at 206.275.7793 or cityclerk@mercerisland.gov before 4 PM on the day of the Council meeting. Each speaker will be allowed three (3) minutes to speak. A timer will be visible to online to speakers, City Council, and meeting participants.

Written comments may be sent to the City Council at council@mercerisland.gov.

Join the meeting at 5:00 PM (Appearances will start sometime after 5:00 PM) by:

- **Telephone:** Call 253.215.8782 and enter Webinar ID 857 9693 9723 and Password 730224
- **Zoom:** Click this [link](#) (Webinar ID 857 9693 9723; Password 730224)
- **In Person:** Mercer Island Community & Event Center – Slater Room Council Chambers (8236 SE 24th Street, Mercer Island, WA 98040)

MEETING AGENDA

CALL TO ORDER & ROLL CALL, 5:00 PM

PLEDGE OF ALLEGIANCE

AGENDA APPROVAL

CITY MANAGER REPORT

APPEARANCES

(This is the opportunity for anyone to speak to the City Council on any item, except items before the City Council requiring a public hearing, any quasi-judicial matters, or campaign-related matters)

CONSENT AGENDA

1. AB 6544: September 20, 2024 Payroll Certification

Recommended Action: Approve the September 20, 2024 Payroll Certification in the amount of \$829,302.27 and authorize the Mayor to sign the certification on behalf of the entire City Council.

2. Certification of Claims:

- A. Check Register | 00220838-00220883 | 9/13/2024 | \$229,610.87
- B. Check Register | 00220884-00220937 | 9/20/2024 | \$1,440,400.37

Recommended Action: Certify that the City Council has reviewed the documentation supporting claims paid and approved all checks or warrants issued in payment of claims.

3. City Council Regular Hybrid Meeting Minutes of September 17, 2024

Recommended Action: Approve the City Council Regular Hybrid Meeting Minutes of September 17, 2024.

4. AB 6545: Domestic Violence Awareness Month, Proclamation No. 347

Recommended Action: Approve Proclamation No. 347 Proclaiming October 2024 as Domestic Violence Awareness Month on Mercer Island.

5. AB 6546: Arbor Day Proclamation, Proclamation No. 348

Recommended Action: Approve Proclamation No. 348 proclaiming the third Saturday in October as Arbor Day in the City of Mercer Island.

6. AB 6547: Indigenous Peoples' Day, Proclamation No. 349

Recommended Action: Approve Proclamation No. 349 Proclamation October 14, 2024 as Indigenous Peoples' Day on Mercer Island.

7. AB 6549: Agreement with MISD for Fuel Purchase

Recommended Action: Authorize the City Manager or designee to execute an agreement with the Mercer Island School District No. 400 that allows the City to purchase fuel from the District for the City's vehicles substantially in the form attached as Exhibit 1.

8. AB 6527: Letter of Support for Improvements to the PSE Low-Income Utility Assistance Programs

Recommended Action: Authorize the Mayor to sign on to a letter to the Utility and Transportation Commission (UTC) regarding the Puget Sound Energy (PSE) rate increase and their Bill Discount Rate (BDR) program.

REGULAR BUSINESS

9. AB 6548: 2024 Comprehensive Plan Periodic Update – HB 1220 Affordable Housing Target Capacity Options

Recommended Action: Direct staff to prepare an ordinance containing interim development regulations for public hearing and consideration on November 19, 2024 incorporating Option [select A or B] and an adjustment of the affordable housing requirement to [select %] at 60% AMI.

10. AB 6542: Financial Status Update for the Second Quarter 2024 and Budget Amending Ordinance

Recommended Action: Adopt Ordinance No. 24-13 amending the 2023-2024 Biennial Budget.

11. AB 6550: Introduction to the Preliminary 2025-2026 Biennial Budget and Overview of the 2025-2030 Capital Improvement Program (CIP)

Recommended Action: Receive the 2025-2026 Preliminary Biennial Budget available at www.mercerisland.gov/budget. No additional action required.

12. AB 6530: Long-Term Water Infrastructure Response and Alternatives

Recommended Action: Move to direct staff to include the design and construction of a new 24-inch transmission line in the 2025-2030 Capital Improvement Plan; negotiate a preferred pipeline alignment and ownership from Seattle Public Utilities; identify long-term solutions to serve the Shorewood Apartments; prepare an amended Wholesale Service Contract; and, return to the City Council with a recommended project funding plan. In addition, direct the City Manager to prepare a capital funding request for submission to the Washington State Legislature and include this request as part of the City's 2025 Legislative Priorities. Further, authorize the Mayor and Deputy Mayor to commence conversations with State legislative representatives about this project and the corresponding capital funding request.

13. No AB: Discussion to Consider Adding a Resolution in Opposition of State Initiative 2117, Concerning Carbon Tax Credit Trading, and State Initiative 2066, Concerning Access to Natural Gas for Washington Homes and Businesses to the October 15 City Council Agenda

Recommended Action: Determine if this item should be added to a future City Council Agenda.

OTHER BUSINESS

14. Planning Schedule

15. Councilmember Absences & Reports

ADJOURNMENT



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6544
October 1, 2024
Consent Agenda

AGENDA BILL INFORMATION

TITLE:	AB 6544: September 20, 2024 Payroll Certification	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Approve the September 20, 2024 Payroll Certification in the amount of \$829,302.27.	

DEPARTMENT:	Administrative Services
STAFF:	Ali Spietz, Chief of Administration Nicole Vannatter, Human Resources Manager
COUNCIL LIAISON:	n/a
EXHIBITS:	1. September 20, 2024 Payroll Certification 2. FTE/LTE Counts
CITY COUNCIL PRIORITY:	n/a

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUIRED	\$ n/a

EXECUTIVE SUMMARY

This agenda bill is to approve the payroll certification for the City of Mercer Island for the period from August 31, 2024 through September 13, 2024 in the amount of \$829,302.27 (see Exhibit 1).

BACKGROUND

[RCW 42.24.080](#) requires that all claims presented against the City by performing labor must be certified by the appropriate official to ensure that the labor was performed as described, and that the claims are just, due, and unpaid obligations against the City, before payment can be made. [RCW 42.24.180](#) allows the payment of claims to occur prior to City Council approval to expedite processing of the payment of claims, provided, however, that review and approval of the claims' documentation occurs at the next regularly scheduled public meeting. The Payroll Certification details the total payment to employees for labor performed and benefits payments made for each payroll. The City is on a bi-weekly payroll schedule with payments every other Friday.

ISSUE/DISCUSSION

Each payroll varies depending on several factors (i.e., number of employees, pay changes, leave cash outs, overtime, etc.). In addition to regular pay for employees, this payroll has variants that are outlined below.

Additional payments:

Description	Amount
Leave cash outs for current employees	\$0.00
Leave cash outs for terminated employees	\$3,642.48
Service and recognition awards	\$0.00
Overtime earnings (see chart for overtime hours by department).	\$30,489.17
Total	\$34,131.65

Overtime hours by department:

Department	Hours
Administrative Services	
City Attorney's Office	
City Manager's Office	
Community Planning & Development	
Finance	2.00
Municipal Court	
Police	214.50
Public Works	126.50
Thrift Shop	
Youth & Family Services	
Total Overtime Hours	343.00

NEXT STEPS

FTE/LTE COUNTS

The table in Exhibit 2 shows the budgeted versus actual counts for Full Time Equivalents (FTEs) and Limited Term Equivalents (LTEs) for the current payroll. Casual labor employees (temporary and seasonal) are not included in the counts.

Casual Labor

In addition to FTE and LTE employees, the City utilizes casual labor to address workload needs that exceed the capacity or expertise of the City's regular staff and that are time limited or seasonal. Casual labor is used primarily to address seasonal workload needs and short-term workload issues created by special projects or position vacancies. Compared to an LTE position, a casual labor position has limited benefits and is filled for a shorter period of time (1-3 months, 6 months, or 9 months). The departments/divisions that utilize casual labor the most are Parks Maintenance, Recreation, Public Works, and the Thrift Store.

RECOMMENDED ACTION

Approve the September 20, 2024 Payroll Certification in the amount of \$829,302.27 and authorize the Mayor to sign the certification on behalf of the entire City Council.

CITY OF MERCER ISLAND PAYROLL CERTIFICATION


Item 1.

PAYROLL PERIOD ENDING **09.13.2024**
PAYROLL DATED **09.20.2024**

Net Cash	\$	579,808.16
Net Voids/Manuals	\$	(15,039.11)
Net Total	\$	564,769.05
Federal Tax Deposit	\$	86,907.86
Social Security and Medicare Taxes	\$	61,534.22
State Tax (California & Oregon)	\$	579.73
State Tax (California)	\$	6.81
Family/Medical Leave Tax (California & Oregon)	\$	48.79
Public Employees Retirement System 1 (PERS 1)	\$	-
Public Employees' Retirement System (PERS Plan 2)	\$	32,515.40
Public Employees' Retirement System (PERS Plan 3)	\$	8,937.50
Public Employees' Retirement System (PERSJM)	\$	624.87
Public Safety Employees' Retirement System (PSERS)		
Law Enforcement Officers' & Fire Fighters' Retirement System (LEOFF Plan2)	\$	14,379.36
Regence & LEOFF Trust Medical Insurance Deductions	\$	12,903.69
Domestic Partner Medical Insurance Deductions		
Kaiser Medical Insurance Deductions	\$	1,341.14
Health Care - Flexible Spending Account Contributions	\$	1,441.88
Dependent Care - Flexible Spending Account Contributions	\$	1,057.70
ICMA Roth IRA Contributions	\$	497.77
ICMA 457 Deferred Compensation Contributions	\$	32,007.91
ICMA 401K Deferred Compensation Contributions	\$	-
Garnishments (Chapter 13)	\$	572.00
Tax Wage Garnishment	\$	-
Child Support Wage Garnishment	\$	775.65
Mercer Island Employee Association Dues	\$	247.50
AFSCME Union Dues	\$	2,813.80
Police Union Dues	\$	1,900.47
Standard - Supplemental Life Insurance	\$	378.70
Unum - Long Term Care Insurance	\$	272.95
AFLAC - Supplemental Insurance Plans	\$	238.52
Coffee Club Dues	\$	-
Transportation - Flexible Spending Account Contributions	\$	-
Miscellaneous		
Oregon Transit Tax and Oregon Benefit Tax	\$	8.05
Fire HRA-VEBA Contributions	\$	-
Washington Long Term Care	\$	2,540.95
Tax & Benefit Obligations Total	\$	264,533.22

TOTAL GROSS PAYROLL	\$ 829,302.27
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I, the undersigned, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein, that any advance payment is due and payable pursuant to a contract or is available as an option for full or partial fulfillment of a contractual obligation, and that the claim is a just, due and unpaid obligation against the City of Mercer Island, and that I am authorized to authenticate and certify to said claim.



 Finance Director

I, the undersigned, do hereby certify that the City Council has reviewed the documentation supporting claims paid and approved all checks or warrants issued in payment of claims.

FTE AND LTE COUNTS AS OF 9/13/2024

Full Time Equivalents (FTEs)	2024 Budgeted	2024 Actual
Administrative Services	15.00	14.50
City Attorney's Office	2.00	2.00
City Manager's Office	3.00	3.00
Community Planning & Development	18.00	16.00
Finance	9.00	7.50
Municipal Court	3.10	3.10
Police	37.50	35.50
Public Works	63.80	58.55
Recreation	10.25	7.75
Youth & Family Services	11.43	11.43
Thrift Shop	2.00	2.00
Total FTEs	175.08	161.33
Limited Term Equivalents (LTEs)	2024 Budgeted	2024 Actual
City Manager's Office ¹	1.00	3.00
Community Planning & Development ^{2,4}	2.00	1.00
Finance	1.00	1.00
Public Works ³	4.00	3.75
Recreation	0.00	1.75
Youth & Family Services	2.03	2.01
Thrift Shop	7.50	6.50
Total LTEs	17.53	19.01
Total FTEs & LTEs	192.61	180.34

FTE Vacancies:	
0.5	Fire/HR Admin Assistant
1.25	CIP Project Manager
1.0	Development Engineer
1.0	Financial Analyst
1.0	Inventory/Warehouse Team Member
1.0	Parks Maintenance Team Member
1.0	Planner
2.0	Police Officer
0.75	Recreation Assistant
0.75	Recreation Specialist
1.00	Recreation Coordinator
0.5	Utility Billing Admin Assistant
2.0	Utilities Team Member

Footnotes:		
1	5/23/2023: Extend 1.0 LTE Management Analyst	AB 6255
2	5/23/2023: New 1.0 LTE Assistant Planner	AB 6255
3	5/23/2023: New 1.0 LTE Support Services Foreman	AB 6255
4	3/1/2024: New 1.0 LTE Planner	3/1 Minutes

CERTIFICATION OF CLAIMS

I, the undersigned, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered, or the labor performed as described herein, that any advance payment is due and payable pursuant to a contract or is available as an option for full or partial fulfillment of a contractual obligation, and that the claim is a just, due and unpaid obligation against the City of Mercer Island, and that I am authorized to authenticate and certify to said claim.



Finance Director

I, the undersigned, do hereby certify that the City Council has reviewed the documentation supporting claims paid and approved all checks or warrants issued in payment of claims.

Mayor

Date

Report	Checks	Date	Amount
Check Register	00220838-00220883	9/13/2024	\$229,610.87

Accounts Payable Report by GL Key

PO #	Check #	Vendor:	Transaction Description	Check Amount
Org Key: 402000 - Water Fund-Admin Key				
P0122364	00220840	Cayson Fields LLC	Refund Due. Permit #2201-118.	2,313.39
P0122371	00220876	SEASCAPE HOMES LLC	Refund Due. Permit #2010-127.	2,253.86
P0122359	00220853	JAYMARC CUSTOM HOMES LLC	Refund Due. Permit #2003-182.	2,177.54
P0122356	00220859	MCFADDEN, SHAUN	Refund Due. Permit #2010-165.	2,115.96
P0122363	00220875	RKK CONSTRUCTION	Refund Due. Permit #2010-064.	1,929.03
P0122355	00220842	CLAYBURN CAPITAL INC	Refund Due. Permit #2104-010.	378.63
P0122354	00220848	GIESBRECHT, WES	Refund Due. Permit #2109-146.	333.22
P0122357	00220858	LUNDIN, DAVID	Refund Due. Permit #1901-190.	168.71
Org Key: AS1100 - Administrative Services				
P0122336	00220880	VERIZON WIRELESS	7.24 - 8.23.2024 Service Perio	214.01
P0122338	00220880	VERIZON WIRELESS	7.24 - 8.23.2024 Service Perio	42.25
Org Key: CA1100 - Administration (CA)				
P0122340	00220880	VERIZON WIRELESS	7.24 - 8.23.2024 Service	53.15
P0122333	00220880	VERIZON WIRELESS	7.24 - 8.23.2024 Service Dates	47.25
P0122344	00220838	AT&T MOBILITY	Wireless Services Aug 2024	40.04
Org Key: CA1200 - Prosecution & Criminal Mngmnt				
P0122348	00220863	MOBERLY AND ROBERTS	Invoice #1189 Professional Ser	7,904.69
Org Key: CM1100 - Administration (CM)				
P0122351	00220867	Nick Federici	July Legislative Services	2,000.00
P0122333	00220880	VERIZON WIRELESS	7.24 - 8.23.2024 Service Dates	273.50
P0122333	00220880	VERIZON WIRELESS	7.24 - 8.23.2024 Service Dates	164.52
P0122344	00220838	AT&T MOBILITY	Wireless Services Aug 2024	40.04
Org Key: CO6100 - City Council				
P0122333	00220880	VERIZON WIRELESS	7.24 - 8.23.2024 Service Dates	298.51
Org Key: CR1100 - Human Resources				
P0122362	00220870	OCCUPATIONAL HEALTH CTRS OF WA	DOT PHYSICALS	164.00
P0122362	00220870	OCCUPATIONAL HEALTH CTRS OF WA	DOT PHYSICALS	130.00
Org Key: CT1100 - Municipal Court				
P0122335	00220880	VERIZON WIRELESS	7.24 - 8.23.2024 Service Perio	42.25
Org Key: DS1100 - Administration (DS)				
P0122234	00220844	DELL MARKETING L.P.	Dell Laptop for Jacob H	1,551.05
P0122341	00220880	VERIZON WIRELESS	7.24 - 8.23.2024 Service Perio	709.32
P0122361	00220838	AT&T MOBILITY	J Thomas Hotspot	40.04
Org Key: FN4502 - Utility Billing (Sewer)				
P0122352	00220854	KC RECORDER	3 LIEN RELEASES	54.00
Org Key: FR1100 - Administration (FR)				
P0122347	00220846	EASTSIDE FIRE & RESCUE	Seafair EMS Provided	6,556.11
Org Key: GB0115 - Facilities Plan				
P0122368	00220868	Northwest Studio	FACILITIES ASSESSMENT PROJECT	7,059.62
Org Key: GB0121 - Precinct Facility Assessment				
P0122368	00220868	Northwest Studio	TULLY'S SITE PLANNING	36,540.05

Accounts Payable Report by GL Key

PO #	Check #	Vendor:	Transaction Description	Check Amount
<i>Org Key: GE0107 - Fleet Replacements</i>				
P0120865	00220839	BUD CLARY FORD HYUNDAI	Replacement Vehicle for 453 -	51,121.44
<i>Org Key: GGM001 - General Government-Misc</i>				
P0122330	00220843	COMCAST	August-September Comcast Cable	184.61
<i>Org Key: GGM004 - Gen Govt-Office Support</i>				
P0122366	00220855	KELLEY IMAGING SYSTEMS	Copier Service Fees IN1737365	1,188.30
P0122367	00220883	Xerox Financial Services	Copier Lease Fees INV 6222717	1,182.40
<i>Org Key: GT0108 - Technology Equipment Replaceme</i>				
P0122267	00220844	DELL MARKETING L.P.	Police MDC 2024 Replacement	17,341.12
P0122372	00220844	DELL MARKETING L.P.	2 Additional Laptops 2024 Equi	4,141.45
<i>Org Key: GT0116 - Tech Emergency Needs</i>				
P0121300	00220851	HYLAND SOFTWARE	Hyland Upgrade	964.26
<i>Org Key: MT1400 - Development Engineering</i>				
P0122370	00220845	DEPT OF ENTERPRISE SERVICES	Business Cards - Jake Lesarge	44.96
<i>Org Key: MT1402 - Util Inspection - Water Fund</i>				
P0122361	00220838	AT&T MOBILITY	B Vandewater Hotspot	10.01
<i>Org Key: MT1404 - Util Inspection - Street Fund</i>				
P0122361	00220838	AT&T MOBILITY	B Vandewater Hotspot	10.01
<i>Org Key: MT1426 - Util Inspection - Sewer Fund</i>				
P0122361	00220838	AT&T MOBILITY	B Vandewater Hotspot	10.01
<i>Org Key: MT1432 - Util Inspection - Storm Fund</i>				
P0122361	00220838	AT&T MOBILITY	B Vandewater Hospot	10.01
<i>Org Key: MT2100 - Roadway Maintenance</i>				
P0122345	00220871	PUGET SOUND ENERGY	Acct # 220035432453 July - Aug	163.04
P0122346	00220882	WSDOT	I90 MP5 PLAN REVIEW July 2024	88.49
<i>Org Key: MT2500 - ROW Administration</i>				
P0122349	00220838	AT&T MOBILITY	Acct#287294353437 07.06 - 08.0	87.10
P0122349	00220838	AT&T MOBILITY	Acct#287294353437 07.06 - 08.0	49.42
<i>Org Key: MT3100 - Water Distribution</i>				
P0122349	00220838	AT&T MOBILITY	Acct#287294353437 07.06 - 08.0	160.16
<i>Org Key: MT3300 - Water Associated Costs</i>				
	00220847	FELIX, JIM	REIMBURSEMENT: WORK CLOTHES	50.14
<i>Org Key: MT3500 - Sewer Pumps</i>				
P0122349	00220838	AT&T MOBILITY	Acct#287294353437 07.06 - 08.0	1,124.63
<i>Org Key: MT4150 - Support Services - Clearing</i>				
P0122374	00220841	CINTAS CORPORATION #460	2024 PW COVERALL SERVICE	10,971.10
P0122353	00220880	VERIZON WIRELESS	7.24 - 8.23.2024 Service Perio	4,207.87
P0122349	00220838	AT&T MOBILITY	Acct#287294353437 07.06 - 08.0	713.54
<i>Org Key: MT4200 - Building Services</i>				
	00220865	MURPHY, TAMARA	REIMBURSEMENT: WORK CLOTHES	100.14

Accounts Payable Report by GL Key

PO #	Check #	Vendor:	Transaction Description	Check Amount
<i>Org Key: MT4274 - ARPA-Municipal Court Site Leas</i>				
	00220857	LUCERO, CHERYL	REIMBURSEMENT: MILEAGE	43.89
<i>Org Key: MT4420 - Transportation Planner Eng</i>				
P0118253	00220852	IDAX DATA SOLUTIONS	IDAX On-Call Traffic Data	1,960.00
<i>Org Key: MT4915 - ARPA-Compost & Recycling Pgm</i>				
P0122129	00220874	RESOURCE SYNERGY LLC	Commercial/Multifamily Compost	1,674.30
<i>Org Key: MT6100 - Park Maintenance</i>				
P0122337	00220880	VERIZON WIRELESS	7.24 - 8.23.2024 Service Perio	524.68
P0122374	00220841	CINTAS CORPORATION #460	2024 PARKS COVERALL SERVICE	455.72
P0122373	00220877	SIGNS OF SEATTLE	Kathryn Rogovy bench plaque	330.75
P0122349	00220838	AT&T MOBILITY	Acct#287294353437 07.06 - 08.0	250.77
P0122337	00220880	VERIZON WIRELESS	7.24 - 8.23.2024 Service Perio	142.65
<i>Org Key: MT6900 - Aubrey Davis Park Maint</i>				
P0122349	00220838	AT&T MOBILITY	Acct#287294353437 07.06 - 08.0	43.55
<i>Org Key: PO1100 - Administration (PO)</i>				
P0122339	00220880	VERIZON WIRELESS	7.24 - 8.23.2024 Service Dates	282.31
P0122370	00220845	DEPT OF ENTERPRISE SERVICES	Business Cards - Andrea Scinko	44.96
<i>Org Key: PO1350 - Police Emergency Management</i>				
P0122114	00220878	SKYLINE COMMUNICATIONS INC	AUG 2024 EOC INTERNET SERVICE	220.55
P0122360	00220873	REMOTE SATELLITE SYSTEMS INT'L	EMAC Satellite Phone Service (74.00
<i>Org Key: PR1100 - Administration (PR)</i>				
P0122343	00220866	Naomi Morgan	July Musical Fitness classes f	1,100.00
P0122330	00220843	COMCAST	August-September Comcast Cable	396.39
P0122338	00220880	VERIZON WIRELESS	7.24 - 8.23.2024 Service Perio	136.75
P0122369	00220860	MERCER ISLAND REPORTER	Act# MI-90404366 104 weeks of	127.00
P0122337	00220880	VERIZON WIRELESS	7.24 - 8.23.2024 Service Perio	42.25
<i>Org Key: PR2104 - Special Events</i>				
	00220849	GRIFFIN, LITZA	REIMBURSEMENT: PRIDE SUPPLIES	254.49
<i>Org Key: PR5600 - Cultural & Performing Arts</i>				
P0122358	00220864	MORGAN SOUND INC	8/22/24 MMITP audio equipment	3,316.60
P0122342	00220872	Put A Stage On It	8/22/24 MMIP	2,204.00
<i>Org Key: PR5900 - Summer Celebration</i>				
P0122347	00220846	EASTSIDE FIRE & RESCUE	Summer Celebration EMS Provide	1,997.80
<i>Org Key: SP0135 - ICW Corridor Improvements</i>				
P0118254	00220856	KPG	ICW Corridor Safety Analysis a	7,434.60
<i>Org Key: SW0111 - Sub Basin 46a.3 Watercourse</i>				
P0120250	00220869	NW Hydraulic Consultants Inc.	Sub Basin 46a.3 Watercourse	12,861.58
<i>Org Key: VCP104 - CIP Streets Salaries</i>				
P0122361	00220838	AT&T MOBILITY	Public Works iPad	650.61
<i>Org Key: VCP402 - CIP Water Salaries</i>				
P0122361	00220838	AT&T MOBILITY	Public Works iPad	650.60

Accounts Payable Report by GL Key

PO #	Check #	Vendor:	Transaction Description	Check Amount
<i>Org Key: WU0115 - Water Model Updates/Fire Flow</i>				
P0120244	00220850	HDR ENGINEERING INC	2023-2024 Water Modeling & Fir	11,931.23
<i>Org Key: WU0145 - Emergency Repair-SPU SE 40th</i>				
P0122315	00220862	MINUTEMAN PRESS - BELLEVUE	PRINTING AND POSTAGE	5,550.49
<i>Org Key: YF1100 - YFS General Services</i>				
P0122334	00220880	VERIZON WIRELESS	7.24 - 8.23.2024 Service Perio	989.51
P0122331	00220861	MERCER ISLAND THRIFT SHOP	Work enhancement	200.00
	00220881	VISSER, CALEB	REIMBURSEMENT: LICENSE RENEWAL	141.00
P0122370	00220845	DEPT OF ENTERPRISE SERVICES	Business Cards - 2024 Jing	44.95
P0122370	00220845	DEPT OF ENTERPRISE SERVICES	Business Cards - 2024 Izzy	44.95
<i>Org Key: YF1200 - Thrift Shop</i>				
P0122365	00220879	Sterling Volunteers	Background Checks INV 9770029	144.00
<i>Org Key: YF2100 - School/City Partnership</i>				
	00220881	VISSER, CALEB	REIMBURSEMENT: TRAINING	74.99
<i>Org Key: YF2600 - Family Assistance</i>				
P0122331	00220861	MERCER ISLAND THRIFT SHOP	Back to School program	3,750.00
Total				229,610.87

Accounts Payable Report by Check Number

Check No	Check Date	Vendor Name/Description	PO #	Invoice #	Invoice Date	Check Amount
00220838	09/13/2024	AT&T MOBILITY Wireless Services Aug 2024	P0122361	4975X08132024	08/13/2024	3,890.54
00220839	09/13/2024	BUD CLARY FORD HYUNDAI Replacement Vehicle for 453 -	P0120865	3SY994	09/05/2024	51,121.44
00220840	09/13/2024	Cayson Fields LLC Refund Due. Permit #2201-118.	P0122364	09102024	09/10/2024	2,313.39
00220841	09/13/2024	CINTAS CORPORATION #460 2024 PW COVERALL SERVICE	P0122374	JUN-AUG2024	08/26/2024	11,426.82
00220842	09/13/2024	CLAYBURN CAPITAL INC Refund Due. Permit #2104-010.	P0122355	09042024	09/04/2024	378.63
00220843	09/13/2024	COMCAST August-September Comcast Cable	P0122330	2599X08202024	08/20/2024	581.00
00220844	09/13/2024	DELL MARKETING L.P. Dell Laptop for Jacob H	P0122372	10771170536	09/11/2024	23,033.62
00220845	09/13/2024	DEPT OF ENTERPRISE SERVICES Business Cards - Jake Lesarge	P0122370	731137014	09/05/2024	179.82
00220846	09/13/2024	EASTSIDE FIRE & RESCUE Seafair EMS Provided	P0122347	6357/6360	09/05/2024	8,553.91
00220847	09/13/2024	FELIX, JIM REIMBURSEMENT: WORK CLOTHES		08282024	08/28/2024	50.14
00220848	09/13/2024	GIESBRECHT, WES Refund Due. Permit #2109-146.	P0122354	09042024	09/04/2024	333.22
00220849	09/13/2024	GRIFFIN, LITZA REIMBURSEMENT: PRIDE SUPPLIES		09102024	09/10/2024	254.49
00220850	09/13/2024	HDR ENGINEERING INC 2023-2024 Water Modeling & Fir	P0120244	1200650065	08/30/2024	11,931.23
00220851	09/13/2024	HYLAND SOFTWARE Hyland Upgrade	P0121300	356848/361693	07/23/2024	964.26
00220852	09/13/2024	IDAX DATA SOLUTIONS IDAX On-Call Traffic Data	P0118253	INV-0004912	08/30/2024	1,960.00
00220853	09/13/2024	JAYMARC CUSTOM HOMES LLC Refund Due. Permit #2003-182.	P0122359	09042024	09/04/2024	2,177.54
00220854	09/13/2024	KC RECORDER 3 LIEN RELEASES	P0122352	09092024	09/09/2024	54.00
00220855	09/13/2024	KELLEY IMAGING SYSTEMS Copier Service Fees IN1737365	P0122366	IN1737365	09/09/2024	1,188.30
00220856	09/13/2024	KPG ICW Corridor Safety Analysis a	P0118254	212423	09/03/2024	7,434.60
00220857	09/13/2024	LUCERO, CHERYL REIMBURSEMENT: MILEAGE		09092024	09/09/2024	43.89
00220858	09/13/2024	LUNDIN, DAVID Refund Due. Permit #1901-190.	P0122357	09042024	09/04/2024	168.71
00220859	09/13/2024	MCFADDEN, SHAUN Refund Due. Permit #2010-165.	P0122356	09042024	09/04/2024	2,115.96
00220860	09/13/2024	MERCER ISLAND REPORTER Act# MI-90404366 104 weeks of	P0122369	MI-90404366-0824	08/29/2024	127.00
00220861	09/13/2024	MERCER ISLAND THRIFT SHOP Work enhancement	P0122331	1969-08312024	08/31/2024	3,950.00
00220862	09/13/2024	MINUTEMAN PRESS - BELLEVUE PRINTING AND POSTAGE	P0122315	60360	07/23/2024	5,550.49
00220863	09/13/2024	MOBERLY AND ROBERTS Invoice #1189 Professional Ser	P0122348	1189	09/01/2024	7,904.69

Accounts Payable Report by Check Number

Check No	Check Date	Vendor Name/Description	PO #	Invoice #	Invoice Date	Check Amount
00220864	09/13/2024	MORGAN SOUND INC 8/22/24 MMITP audio equipment	P0122358	MSI118875	08/29/2024	3,316.60
00220865	09/13/2024	MURPHY, TAMARA REIMBURSEMENT: WORK CLOTHES		08302024	08/30/2024	100.14
00220866	09/13/2024	Naomi Morgan July Musical Fitness classes f	P0122343	5322877646	07/02/2024	1,100.00
00220867	09/13/2024	Nick Federici July Legislative Services	P0122351	MERCER000808	08/01/2024	2,000.00
00220868	09/13/2024	Northwest Studio FACILITIES ASSESSMENT PROJECT	P0122368	2401-06/2304-15	08/08/2024	43,599.67
00220869	09/13/2024	NW Hydraulic Consultants Inc. Sub Basin 46a.3 Watercourse	P0120250	31656	07/31/2024	12,861.58
00220870	09/13/2024	OCCUPATIONAL HEALTH CTRS OF WA DOT PHYSICALS	P0122362	08579/79280	06/13/2024	294.00
00220871	09/13/2024	PUGET SOUND ENERGY Acct # 220035432453 July - Aug	P0122345	2453X08232024	08/23/2024	163.04
00220872	09/13/2024	Put A Stage On It 8/22/24 MMIP	P0122342	INV1384	08/26/2024	2,204.00
00220873	09/13/2024	REMOTE SATELLITE SYSTEMS INT'L EMAC Satellite Phone Service (P0122360	00129376	09/09/2024	74.00
00220874	09/13/2024	RESOURCE SYNERGY LLC Commercial/Multifamily Compost	P0122129	INV-005157	08/29/2024	1,674.30
00220875	09/13/2024	RKK CONSTRUCTION Refund Due. Permit #2010-064.	P0122363	09042024	09/04/2024	1,929.03
00220876	09/13/2024	SEASCAPE HOMES LLC Refund Due. Permit #2010-127.	P0122371	09042024	09/04/2024	2,253.86
00220877	09/13/2024	SIGNS OF SEATTLE Kathryn Rogovy bench plaque	P0122373	10297	09/12/2024	330.75
00220878	09/13/2024	SKYLINE COMMUNICATIONS INC AUG 2024 EOC INTERNET SERVICE	P0122114	IN47875	08/01/2024	220.55
00220879	09/13/2024	Sterling Volunteers Background Checks INV 9770029	P0122365	9970029	08/31/2024	144.00
00220880	09/13/2024	VERIZON WIRELESS 7.24 - 8.23.2024 Service Perio	P0122334	9972164339	08/23/2024	8,170.78
00220881	09/13/2024	VISSER, CALEB REIMBURSEMENT: LICENSE RENEWAL		09052024	09/05/2024	215.99
00220882	09/13/2024	WSDOT I90 MP5 PLAN REVIEW July 2024	P0122346	RE41JZ2138L004	08/13/2024	88.49
00220883	09/13/2024	Xerox Financial Services Copier Lease Fees INV 6222717	P0122367	6222717	09/11/2024	1,182.40
					Total	229,610.87

CERTIFICATION OF CLAIMS

I, the undersigned, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered, or the labor performed as described herein, that any advance payment is due and payable pursuant to a contract or is available as an option for full or partial fulfillment of a contractual obligation, and that the claim is a just, due and unpaid obligation against the City of Mercer Island, and that I am authorized to authenticate and certify to said claim.

Finance Director

I, the undersigned, do hereby certify that the City Council has reviewed the documentation supporting claims paid and approved all checks or warrants issued in payment of claims.

Mayor

Date

Report	Checks	Date	Amount
Check Register	00220884-00220937	9/20/2024	\$1,440,400.37

Accounts Payable Report by GL Key

PO #	Check #	Vendor:	Transaction Description	Check Amount
<i>Org Key: 402000 - Water Fund-Admin Key</i>				
P0122397	00220905	GRAINGER	INVENTORY PURCHASES	1,202.21
P0122393	00220908	IBS INC	INVENTORY PURCHASES	1,173.22
<i>Org Key: 814074 - Garnishments</i>				
	00220893	CHAPTER 13 TRUSTEE	PR 09.20.2024	572.00
<i>Org Key: 814075 - Mercer Island Emp Association</i>				
	00220917	MI EMPLOYEES ASSOC	PR 09.20.2024	247.50
<i>Org Key: 814076 - City & Counties Local 21M</i>				
	00220937	WSCCCE AFSCME AFL-CIO	PR 09.20.2024	2,813.80
<i>Org Key: 814077 - Police Association</i>				
	00220925	POLICE ASSOCIATION	PR 09.20.2024	1,900.47
<i>Org Key: CM1400 - Communications</i>				
P0122308	00220898	DELL MARKETING L.P.	Dell Laptop for Mason	3,081.25
<i>Org Key: CR1100 - Human Resources</i>				
	00220932	VANNATTER, NICOLE	REIMBURSEMENT: MILEAGE	83.75
<i>Org Key: DS0000 - Development Services-Revenue</i>				
	00220919	OBOT ELECTRIC LLC	REFUND: PERMIT FEE 2407-122	190.40
<i>Org Key: FN1100 - Administration (FN)</i>				
P0122402	00220928	STATE AUDITOR'S OFFICE	FY 2023 Annual Audit costs 08.	19,654.60
<i>Org Key: FN4501 - Utility Billing (Water)</i>				
P0121675	00220889	BOWMAN CONSULTING GROUP LTD	2024 Utility Rate Model Update	5,787.00
P0122391	00220916	METROPRESORT	AUG 2024 PRNT & MAILING OF UTI	84.80
P0122401	00220916	METROPRESORT	SEPT 2024 PRNT & MAILING OF UT	62.61
P0122391	00220916	METROPRESORT	AUG 2024 PRNT & MAILING OF UTI	58.83
P0122401	00220916	METROPRESORT	SEPT 2024 PRNT & MAILING OF UT	43.30
<i>Org Key: FN4502 - Utility Billing (Sewer)</i>				
P0121675	00220889	BOWMAN CONSULTING GROUP LTD	2024 Utility Rate Model Update	5,787.00
P0122391	00220916	METROPRESORT	AUG 2024 PRNT & MAILING OF UTI	84.80
P0122401	00220916	METROPRESORT	SEPT 2024 PRNT & MAILING OF UT	62.62
P0122391	00220916	METROPRESORT	AUG 2024 PRNT & MAILING OF UTI	58.84
P0122401	00220916	METROPRESORT	SEPT 2024 PRNT & MAILING OF UT	43.30
<i>Org Key: FN4503 - Utility Billing (Storm)</i>				
P0121675	00220889	BOWMAN CONSULTING GROUP LTD	2024 Utility Rate Model Update	1,286.00
P0122391	00220916	METROPRESORT	AUG 2024 PRNT & MAILING OF UTI	84.81
P0122401	00220916	METROPRESORT	SEPT 2024 PRNT & MAILING OF UT	62.62
P0122391	00220916	METROPRESORT	AUG 2024 PRNT & MAILING OF UTI	58.84
P0122401	00220916	METROPRESORT	SEPT 2024 PRNT & MAILING OF UT	43.30
<i>Org Key: FR1100 - Administration (FR)</i>				
P0122381	00220892	CENTURYLINK	FINAL BILL - acct# 333788532 -	17,030.40
<i>Org Key: GGM001 - General Government-Misc</i>				
P0122376	00220890	BRINKS INC	AUG 2024 ARMOURED TRUCK DEPOSIT	680.67

Accounts Payable Report by GL Key

PO #	Check #	Vendor:	Transaction Description	Check Amount
<i>Org Key: GT0106 - Enterprise Resource Planning S</i>				
P0122414	00220930	TYLER TECHNOLOGIES INC	REMOTE PROJECT MANAGEMET	1,600.00
<i>Org Key: IS2100 - IGS Network Administration</i>				
P0120665	00220911	KING COUNTY FINANCE	I-NET MONTHLY SERVICES FROM	1,492.00
<i>Org Key: MT1500 - Urban Forest Mangement</i>				
P0121820	00220929	THOMAS J TREE	Mercer Island Spring 2024 Tree	841.68
<i>Org Key: MT2100 - Roadway Maintenance</i>				
P0122404	00220931	UNITED REPROGRAPHICS	LOGO REFLECTIVE STICKERS	47.56
<i>Org Key: MT2255 - Urban Forest Management (ROW)</i>				
P0121820	00220929	THOMAS J TREE	Mercer Island Spring 2024 Tree	12,144.24
<i>Org Key: MT2300 - Planter Bed Maintenance</i>				
P0122377	00220918	MI UTILITY BILLS	AUG 2024 PMT OF UTILITY BILLS	680.16
<i>Org Key: MT3100 - Water Distribution</i>				
P0121511	00220899	DITCH WITCH WEST	VAC TRAILER RENTAL	2,975.40
P0122399	00220905	GRAINGER	LOCK OUT/ TAG OUT EQUIP	874.76
<i>Org Key: MT3500 - Sewer Pumps</i>				
P0122377	00220918	MI UTILITY BILLS	AUG 2024 PMT OF UTILITY BILLS	349.92
<i>Org Key: MT3800 - Storm Drainage</i>				
P0119484	00220920	Olson Brother's Pro-Vac LLC	Stormwater Utility M&O	12,210.64
P0121820	00220929	THOMAS J TREE	Mercer Island Spring 2024 Tree	10,220.40
P0122385	00220886	ARROW CONSTRUCTION SUPPLY LLC	2 week rental 4ton Asphalt Pat	2,755.00
P0122379	00220885	AM TEST INC	Sample #24AG0550-01	120.00
<i>Org Key: MT4150 - Support Services - Clearing</i>				
P0122384	00220933	WA AUDIOLOGY SERVICES INC	On-Site Hearing Testing inv# 6	2,100.80
<i>Org Key: MT4270 - ARPA-Asbestos Response</i>				
P0121269	00220921	PACIFIC MOBILE STRUCTURES INC	2024 SECURITY KIT, OFFICE, MOD	1,464.58
P0122382	00220906	GREEN LATRINE	Site: City Hall - Rental 9/13/	350.00
<i>Org Key: MT4920 - ARPA-Open Space Baseln Monitor</i>				
P0121271	00220900	DYLAN MENDENHALL	23-37 Open Space Forest Health	8,793.38
<i>Org Key: MT6100 - Park Maintenance</i>				
P0122378	00220918	MI UTILITY BILLS	AUG 2024 PMT OF UTILITY BILLS	4,885.10
<i>Org Key: MT6200 - Athletic Field Maintenance</i>				
P0122378	00220918	MI UTILITY BILLS	AUG 2024 PMT OF UTILITY BILLS	22,767.62
<i>Org Key: MT6500 - Luther Burbank Park Maint</i>				
P0122378	00220918	MI UTILITY BILLS	AUG 2024 PMT OF UTILITY BILLS	6,155.63
<i>Org Key: MT6900 - Aubrey Davis Park Maint</i>				
P0122378	00220918	MI UTILITY BILLS	AUG 2024 PMT OF UTILITY BILLS	93,309.52
P0122387	00220906	GREEN LATRINE	Rental Service 9.6.24 - 10.3.2	790.00
<i>Org Key: PA0100 - Open Space Management</i>				
P0121271	00220900	DYLAN MENDENHALL	23-37 Open Space Forest Health	7,759.73

Accounts Payable Report by GL Key

PO #	Check #	Vendor:	Transaction Description	Check Amount
<i>Org Key: PA0101 - Recurring Parks Minor Capital</i>				
P0121820	00220929	THOMAS J TREE	Mercer Island Spring 2024 Tree	7,469.91
P0122383	00220909	KC FINANCE	Sample collection and lab anal	6,706.00
<i>Org Key: PA0103 - Trail Renovation & Property Ma</i>				
P0121820	00220929	THOMAS J TREE	Mercer Island Spring 2024 Tree	6,633.24
<i>Org Key: PA0109 - Aubrey Davis Park Trail Safety</i>				
P0122413	00220931	UNITED REPROGRAPHICS	PROJECT AWARENESS SIGNS	133.51
<i>Org Key: PA0124 - Luther Burbank Boiler Bldg Roo</i>				
P0121161	00220901	Ferguson Construction Inc.	Scope: 23-30 Luther Burbank Pa	118,345.71
<i>Org Key: PA0126 - Mercerdale Park Master Plan</i>				
P0120255	00220888	BERGER PARTNERSHIP PS, THE	Mercerdale Park Master Plan	4,098.00
<i>Org Key: PA0129 - Pioneer Park/Engstrom OS Fores</i>				
P0122387	00220906	GREEN LATRINE	Rental Service 9.6.24 - 10.3.2	200.00
<i>Org Key: PA0130 - Roanoke Playground Replacement</i>				
P0121207	00220910	KCDA PURCHASING COOPERATIVE	Berliner - Allplay play equipm	84,308.86
P0120255	00220888	BERGER PARTNERSHIP PS, THE	Roanoke Park Playground Replac	19,890.00
<i>Org Key: PA0157 - Master PlanClarke & Groveland</i>				
P0120255	00220888	BERGER PARTNERSHIP PS, THE	Clarke & Groveland Joint Maste	8,083.48
<i>Org Key: PA0158 - First Hill Park Playground</i>				
P0120255	00220888	BERGER PARTNERSHIP PS, THE	PROFESSIONAL PERSONNEL	768.75
<i>Org Key: PA122B - LB Shoreline Access Improvemen</i>				
P0121161	00220901	Ferguson Construction Inc.	Scope: 23-30 Luther Burbank Pa	29,980.91
<i>Org Key: PA124B - LB Boiler Bldg City Portion</i>				
P0121161	00220901	Ferguson Construction Inc.	Scope: 23-30 Luther Burbank Pa	9,467.66
<i>Org Key: PO0000 - Police-Revenue</i>				
P0122389	00220935	WASHINGTON STATE PATROL	WSP CPL Background Investigati	730.00
P0122392	00220934	WA STATE DOL	CONCEALED PISTOL LICENSES ISSU	627.00
<i>Org Key: PO2100 - Patrol Division</i>				
P0122394	00220913	KROESENS UNIFORM COMPANY	Police uniforms/equipment	4,656.48
P0122396	00220924	PIGSKIN UNIFORMS	Jumpsuit Uniforms - Lum and	1,411.80
P0122203	00220891	CDW GOVERNMENT INC	Upgrade 2 Adobe Standard Sub t	140.26
P0122390	00220884	AAA FIRE & SAFETY INC	Fire Extinguisher Order - Invo	70.22
<i>Org Key: PRAT40 - Ongoing Art Programs</i>				
P0122388	00220904	GLASS, SANDY	Luther Burbank Mosaic Repair	13,249.00
<i>Org Key: SP0100 - Residential Street Resurfacing</i>				
P0122109	00220914	LAKERIDGE PAVING COMPANY	2024 Arterial and Residential	405,308.21
<i>Org Key: SP0104 - NMW - 7500 to Roanoke</i>				
P0122109	00220914	LAKERIDGE PAVING COMPANY	2024 Arterial and Residential	54,983.34
<i>Org Key: SP0111 - 80th Ave SE Sidewalk Improve</i>				

Accounts Payable Report by GL Key

PO #	Check #	Vendor:	Transaction Description	Check Amount
P0122408	00220931	UNITED REPROGRAPHICS	PLANS & SPEC BOOKS PRINTING -	248.11
P0122386	00220912	KPG	Professional Services - Planti	220.00
<i>Org Key: SP0118 - ADA Compliance Plan Implementa</i>				
P0122406	00220931	UNITED REPROGRAPHICS	TRANSITION PLAN IMPLEMENTATION	25.69
<i>Org Key: SP0135 - ICW Corridor Improvements</i>				
P0122412	00220931	UNITED REPROGRAPHICS	ALTERNATIVE PED ROUTE SIGNS	158.90
<i>Org Key: VCP104 - CIP Streets Salaries</i>				
P0122407	00220931	UNITED REPROGRAPHICS	FA CUSTOM CARBON COPY FORMS	82.76
P0122405	00220931	UNITED REPROGRAPHICS	ITEM QUANTITY TICKET BOOKS	71.73
P0122404	00220931	UNITED REPROGRAPHICS	LOGO REFLECTIVE STICKERS	47.56
<i>Org Key: VCP402 - CIP Water Salaries</i>				
	00220902	FLETCHER, GEORGE	REIMBURSEMENT: ANNUAL DUES	162.11
P0122407	00220931	UNITED REPROGRAPHICS	FA CUSTOM CARBON COPY FORMS	82.76
P0122405	00220931	UNITED REPROGRAPHICS	ITEM QUANTITY TICKET BOOKS	71.73
<i>Org Key: VCP426 - CIP Sewer Salaries</i>				
P0122407	00220931	UNITED REPROGRAPHICS	FA CUSTOM CARBON COPY FORMS	82.76
P0122405	00220931	UNITED REPROGRAPHICS	ITEM QUANTITY TICKET BOOKS	71.73
<i>Org Key: VCP432 - CIP Storm Drainage Salaries</i>				
P0122407	00220931	UNITED REPROGRAPHICS	FA CUSTOM CARBON COPY FORMS	82.77
P0122405	00220931	UNITED REPROGRAPHICS	ITEM QUANTITY TICKET BOOKS	71.72
<i>Org Key: WU0100 - Emergency Water System Repairs</i>				
P0118703	00220895	CONFLUENCE ENGINEERING GRP LLC	Water System Reliability Actio	12,576.00
<i>Org Key: WU0103 - Water Reservoir Improvements</i>				
P0117582	00220922	PASO ROBLES TANK INC	NORTH AND SOUTH RESERVOIR	152,079.75
<i>Org Key: WU0117 - Meter Replacement Implementati</i>				
P0117706	00220936	WAVE ELECTRICAL LLC	PROJECT: ISLAND CREST PARK W	5,228.99
<i>Org Key: WU0119 - Reservoir Generator Replacemen</i>				
P0117489	00220896	CONSOR NORTH AMERICA INC	CONSTRUCTION SERVICES AND	3,688.00
<i>Org Key: WU0131 - 2024 Water System Improvements</i>				
P0119884	00220887	Atwell LLC	2024 Water System Improvements	39,094.45
<i>Org Key: WU0135 - 2024 AC Main Replacement</i>				
P0122409	00220931	UNITED REPROGRAPHICS	PLANS/ SPECS PRINTING 2024 AC	459.67
P0122380	00220897	DAILY JOURNAL OF COMMERCE	BC:AC WATER MAIN REPLACE	428.40
P0122410	00220931	UNITED REPROGRAPHICS	AC MAIN REP SIGNS	132.42
<i>Org Key: WU0140 - PRV Station Replacements</i>				
P0121945	00220903	FURY SITE WORKS INC	Phase 1 PRV Station Replacemen	129,800.14
P0121368	00220926	RH2 ENGINEERING INC	Phase 2 Pressure Reducing Valv	53,930.26
P0122398	00220905	GRAINGER	EQUIPMENT FOR CIP SHED	213.75
<i>Org Key: YF1200 - Thrift Shop</i>				
P0122403	00220894	CINTAS	5230344907 first aid supplies	91.33
	00220907	HEATH, SCOTT C	REIMBURSEMENT: RAT TRAP BAIT	7.48

Accounts Payable Report by GL Key

PO #	Check #	Vendor:	Transaction Description	Check Amount
<i>Org Key: YF2600 - Family Assistance</i>				
P0122417	00220915	MAGNUSSEN JR., JON MICHAEL	Rental Assistance for EA clien	3,000.00
P0122416	00220927	SHOREWOOD #14885	Rental assistance for EA clien	3,000.00
P0122415	00220923	PHONG TAN DO	Rental assistance for EA clien	1,000.00
Total				1,440,400.37

Accounts Payable Report by Check Number

Check No	Check Date	Vendor Name/Description	PO #	Invoice #	Invoice Date	Check Amount
00220884	09/20/2024	AAA FIRE & SAFETY INC Fire Extinguisher Order - Invo	P0122390	12498538B	04/03/2024	70.22
00220885	09/20/2024	AM TEST INC Sample #24AG0550-01	P0122379	A24G0555	08/21/2024	120.00
00220886	09/20/2024	ARROW CONSTRUCTION SUPPLY LLC 2 week rental 4ton Asphalt Pat	P0122385	13667	08/28/2024	2,755.00
00220887	09/20/2024	Atwell LLC 2024 Water System Improvements	P0119884	0364117	08/30/2024	39,094.45
00220888	09/20/2024	BERGER PARTNERSHIP PS, THE Mercerdale Park Master Plan	P0120255	0000036932	08/27/2024	32,840.23
00220889	09/20/2024	BOWMAN CONSULTING GROUP LTD 2024 Utility Rate Model Update	P0121675	3984-22408061	08/30/2024	12,860.00
00220890	09/20/2024	BRINKS INC AUG 2024 ARMOURED TRUCK DEPOSI	P0122376	6822949	08/31/2024	680.67
00220891	09/20/2024	CDW GOVERNMENT INC Upgrade 2 Adobe Standard Sub t	P0122203	AA3G69Q	08/26/2024	140.26
00220892	09/20/2024	CENTURYLINK FINAL BILL - acct# 333788532 -	P0122381	8532MAR-AUG2024	09/13/2024	17,030.40
00220893	09/20/2024	CHAPTER 13 TRUSTEE PR 09.20.2024		PR 09.20.2024	09/20/2024	572.00
00220894	09/20/2024	CINTAS 5230344907 first aid supplies	P0122403	5230344907	09/17/2024	91.33
00220895	09/20/2024	CONFLUENCE ENGINEERING GRP LLC Water System Reliability Actio	P0118703	03-0824MI40SPRA	08/31/2024	12,576.00
00220896	09/20/2024	CONSOR NORTH AMERICA INC CONSTRUCTION SERVICES AND	P0117489	W192659WA.01-15	09/10/2024	3,688.00
00220897	09/20/2024	DAILY JOURNAL OF COMMERCE BC:AC WATER MAIN REPLACE	P0122380	3400465	06/14/2024	428.40
00220898	09/20/2024	DELL MARKETING L.P. Dell Laptop for Mason	P0122308	10771431567	09/12/2024	3,081.25
00220899	09/20/2024	DITCH WITCH WEST VAC TRAILER RENTAL	P0121511	90091503	06/23/2024	2,975.40
00220900	09/20/2024	DYLAN MENDENHALL 23-37 Open Space Forest Health	P0121271	MI-006	09/05/2024	16,553.11
00220901	09/20/2024	Ferguson Construction Inc. Scope: 23-30 Luther Burbank Pa	P0121161	8/1/24-8/31/24	08/31/2024	157,794.28
00220902	09/20/2024	FLETCHER, GEORGE REIMBURSEMENT: ANNUAL DUES		09122024	09/12/2024	162.11
00220903	09/20/2024	FURY SITE WORKS INC Phase 1 PRV Station Replacemen	P0121945	8/16/24-8/31/24	08/31/2024	129,800.14
00220904	09/20/2024	GLASS, SANDY Luther Burbank Mosaic Repair	P0122388	09042024	09/04/2024	13,249.00
00220905	09/20/2024	GRAINGER INVENTORY PURCHASES	P0122398	9237848420	09/04/2024	2,290.72
00220906	09/20/2024	GREEN LATRINE Site: City Hall - Rental 9/13/	P0122387	I48574	09/06/2024	1,340.00
00220907	09/20/2024	HEATH, SCOTT C REIMBURSEMENT: RAT TRAP BAIT		09122024	09/12/2024	7.48
00220908	09/20/2024	IBS INC INVENTORY PURCHASES	P0122393	855487-1	08/30/2024	1,173.22
00220909	09/20/2024	KC FINANCE Sample collection and lab anal	P0122383	135903	09/05/2024	6,706.00

Accounts Payable Report by Check Number

Check No	Check Date	Vendor Name/Description	PO #	Invoice #	Invoice Date	Check Amount
00220910	09/20/2024	KCDA PURCHASING COOPERATIVE Berliner - Allplay play equipm	P0121207	300806415	09/05/2024	84,308.86
00220911	09/20/2024	KING COUNTY FINANCE I-NET MONTHLY SERVICES FROM	P0120665	11014948	08/31/2024	1,492.00
00220912	09/20/2024	KPG Professional Services - Planti	P0122386	212672	09/09/2024	220.00
00220913	09/20/2024	KROESENS UNIFORM COMPANY Police uniforms/equipment	P0122394	JUL-SEP 2024	09/13/2024	4,656.48
00220914	09/20/2024	LAKERIDGE PAVING COMPANY 2024 Arterial and Residential	P0122109	8/1/24-8/31/24	08/31/2024	460,291.55
00220915	09/20/2024	MAGNUSSEN JR., JON MICHAEL Rental Assistance for EA clien	P0122417	09122024	09/12/2024	3,000.00
00220916	09/20/2024	METROPRESORT AUG 2024 PRNT & MAILING OF UTI	P0122401	IN670776	09/17/2024	748.67
00220917	09/20/2024	MI EMPLOYEES ASSOC PR 09.20.2024		PR 09.20.2024	09/20/2024	247.50
00220918	09/20/2024	MI UTILITY BILLS AUG 2024 PMT OF UTILITY BILLS	P0122378	AUG2024	08/31/2024	128,147.95
00220919	09/20/2024	OBOT ELECTRIC LLC REFUND: PERMIT FEE 2407-122		09162024	09/16/2024	190.40
00220920	09/20/2024	Olson Brother's Pro-Vac LLC Stormwater Utility M&O	P0119484	188061316	08/31/2024	12,210.64
00220921	09/20/2024	PACIFIC MOBILE STRUCTURES INC 2024 SECURITY KIT, OFFICE, MOD	P0121269	INV-00400321	10/01/2024	1,464.58
00220922	09/20/2024	PASO ROBLES TANK INC NORTH AND SOUTH RESERVOIR	P0117582	8/1/24-8/31/24	09/12/2024	152,079.75
00220923	09/20/2024	PHONG TAN DO Rental assistance for EA clien	P0122415	09172024	09/17/2024	1,000.00
00220924	09/20/2024	PIGSKIN UNIFORMS Jumpsuit Uniforms - Lum and	P0122396	2024-14	08/15/2024	1,411.80
00220925	09/20/2024	POLICE ASSOCIATION PR 09.20.2024		PR 09.20.2024	09/20/2024	1,900.47
00220926	09/20/2024	RH2 ENGINEERING INC Phase 2 Pressure Reducing Valv	P0121368	97279	08/16/2024	53,930.26
00220927	09/20/2024	SHOREWOOD #14885 Rental assistance for EA clien	P0122416	09162024	09/16/2024	3,000.00
00220928	09/20/2024	STATE AUDITOR'S OFFICE FY 2023 Annual Audit costs 08.	P0122402	L163197	09/11/2024	19,654.60
00220929	09/20/2024	THOMAS J TREE Mercer Island Spring 2024 Tree	P0121820	04484-I	09/05/2024	37,309.47
00220930	09/20/2024	TYLER TECHNOLOGIES INC REMOTE PROJECT MANAGEMET	P0122414	045-483990	08/31/2024	1,600.00
00220931	09/20/2024	UNITED REPROGRAPHICS LOGO REFLECTIVE STICKERS	P0122409	9122096-IN	08/22/2024	1,871.38
00220932	09/20/2024	VANNATTER, NICOLE REIMBURSEMENT: MILEAGE		09192024	09/19/2024	83.75
00220933	09/20/2024	WA AUDIOLOGY SERVICES INC On-Site Hearing Testing inv# 6	P0122384	63822	09/06/2024	2,100.80
00220934	09/20/2024	WA STATE DOL CONCEALED PISTOL LICENSES ISSU	P0122392	053024-091524	09/15/2024	627.00
00220935	09/20/2024	WASHINGTON STATE PATROL WSP CPL Background Investigati	P0122389	L0000064406	09/05/2024	730.00

Accounts Payable Report by Check Number

Check No	Check Date	Vendor Name/Description	PO #	Invoice #	Invoice Date	Check Amount
00220936	09/20/2024	WAVE ELECTRICAL LLC PROJECT: ISLAND CREST PARK W	P0117706	24104	07/30/2024	5,228.99
00220937	09/20/2024	WSCCCE AFSCME AFL-CIO PR 09.20.2024		PR 09.20.2024	09/20/2024	2,813.80
					Total	<u>1,440,400.37</u>



CITY COUNCIL MINUTES REGULAR HYBRID MEETING SEPTEMBER 17, 2024

Item 3.

CALL TO ORDER & ROLL CALL

Mayor Salim Nice called the Regular Hybrid Meeting to order at 5:00 pm in the Slater Room Council Chambers at the Mercer Island Community & Event Center, 8236 SE 24th Street, Mercer Island, Washington.

Mayor Salim Nice, Deputy Mayor Dave Rosenbaum, and Councilmembers Lisa Anderl, Jake Jacobson, Craig Reynolds, and Ted Weinberg attended in person. Councilmember Wendy Weiker attended via Zoom.

PLEDGE OF ALLEGIANCE

The City Council delivered the Pledge of Allegiance.

AGENDA APPROVAL

It was moved by Rosenbaum; seconded by Nice to:

Amend the agenda to add a second Executive Session for approximately 30 minutes for planning or adopting the strategy or position to be taken by the City Council during the course of any collective bargaining, professional negotiations, or grievance or mediation proceedings, or reviewing the proposals made in the negotiations or proceedings while in progress pursuant to RCW 42.30.140(4)(b) and approve agenda as amended.

PASSED: 7-0

FOR: 7 (Anderl, Jacobson, Nice, Rosenbaum, Reynolds, Weiker, and Weinberg)

CITY MANAGER REPORT

City Manager Jessi Bon reported on the following items:

- **Council, Boards & Commission Meetings:** Next City Council Meeting – October 1 at 5:00 pm, Planning Commission – September 25 at 6:00 pm.
- **City Services Updates:**
 - Luther Burbank Waterfront – A hearing with the Hearing Examiner was held to review the City's proposal for redeveloping Luther Burbank Park waterfront.
 - Public Input on Clarke and Groveland Beaches – The City will be launching a digital survey to collect information about how the community uses Clarke and Groveland Beaches at the end of September.
 - Planning Commission Recruitment – The recruitment for the Planning Commission is open through October 25. The City Council is recruiting for five positions, with terms beginning January 1, 2025.
 - Annual Docket Proposals – The annual opportunity for the public to submit requests for the Annual Docket of development code and Comprehensive Plan amendments is open through October 1. The Planning Commission will review proposals on October 23 and the City Council is scheduled to approve the Annual Docket on November 19.
 - Town Center Construction – There are several different sidewalks, ADA sidewalk ramps, street lighting, traffic signals, and street tree replacements projects taking place in Town Center in the month of September.
 - Pickleball Courts at Luther Burbank Park – Removal of asphalt pavement and excavation of poor subgrade soils has been completed and crews have begun placing the new crushed rock base. Asphalt paving is scheduled for the week of September 23 and the courts are planned to reopen for play by the end of October.

- Aubrey Davis Park Trail – The project is about 80% complete and the path was reopened to pedestrians and bicycles last week. Landscaping, irrigation, lighting, signage, and other minor work will be completed in October.
- **Upcoming Events:**
 - Sister City Soiree – Mercer Island Sister City Association is celebrating the 2024 Soiree at Allister on September 22.
 - Mid-Autum Festival – In partnership with the Mercer Island Chinese Association there will be a Mid-Autum Festival at MICEC on September 22.
- **News:**
 - August Volunteer Events – There were 12 volunteer events in the parks in August with a total of 107 volunteers coming out to remove over 6,00 sq ft of weeds including ivy and blackberries from the parks.

APPEARANCES

Addie Smith spoke about being a hate crime survivor.

Daniel Thompson (Mercer Island) spoke about the Comprehensive Plan update.

CONSENT AGENDA

AB 6536: September 6, 2024 Payroll Certification

Recommended Action: Approve the September 06, 2024 Payroll Certification in the amount of \$863,930.95 and authorize the Mayor to sign the certification on behalf of the entire City Council.

Certification of Claims:

A. Check Register | 00220715-00220793 | 8/30/2024 | \$457,329.60

B. Check Register | 00220794-00220835 | 9/06/2024 | \$1,517,208.20

Recommended Action: Certify that the City Council has reviewed the documentation supporting claims paid and approved all checks or warrants issued in payment of claims.

City Council Regular Hybrid Meeting Minutes of September 3, 2024

Recommended Action: Approve the City Council Regular Hybrid Meeting Minutes of September 3, 2024.

AB 6534: Glenhome Water Main Easement Release (5602 East Mercer Way)

Recommended Action: Authorize the City Manager to release a portion of easement (recording number 5183236) through a partial release of easement to be approved by the City Attorney substantially in the form of Exhibit 4.

AB 6537: Peace Day on Mercer Island, Proclamation No. 346

Recommended Action: Approve Proclamation No. 346 Proclamation September 21, 2024 as Peace Day on Mercer Island.

AB 6538: Bond Ordinance Authorizing the Issuance of One or More Series of Limited Tax General Obligation and Refunding Bonds to Finance and Refinance Projects of the Water Utility (Ord. No. 24-09 Second Reading)

Recommended Action: Adopt Ordinance No. 24-09 authorizing the issuance of one or more series of limited tax general obligation and refunding Bonds to finance and refinance projects of the Water Utility.

It was moved by Weinberg; seconded by Jacobson to:

Approve the Consent Agenda as presented, and the recommended actions contained therein.

PASSED: 7-0

FOR: 7 (Anderl, Jacobson, Nice, Rosenbaum, Reynolds, Weiker, and Weinberg)

REGULAR BUSINESS

AB 6529: AMI Data Collector Authorization

Deputy Public Works Director Alaine Sommargren presented an overview of the Advanced Metering Infrastructure (AMI) project, the permitting and public outreach processes, and the remaining three data collector stations locations.

City Council discussed the proposal and asked questions.

It was moved by Weinberg; seconded by Anderl to:

Authorize staff to apply for permits for the three remaining data collector stations, and if permits are approved, install and activate them for use with the AMI system

MOTION PASSED: 7-0

FOR: 7 (Anderl, Jacobson, Nice, Reynolds, Rosenbaum, Weiker, and Weinberg)

AB 6543: Town Center Parking Regulations Code Amendments (First Reading Ord. No. 24C-14)

Management Analyst Amelia Tjaden presented the code amendments to the Town Center Parking Regulations to establish the fee for parking citations at \$54.00 and to sunset the Town Center Commuter Parking Permit Program.

City Attorney Bio Park noted the City's request to approve the ordinance on first reading to begin the process of sunsetting the Town Center Commuter Parking Permit Program.

City Council discussed the proposal and asked questions.

It was moved by Reynolds; seconded by Rosenbaum to:

Suspend the City Council Rules of Procedure 6.3, requiring a second reading for an ordinance

MOTION PASSED: 6-1

FOR: 6 (Anderl, Nice, Reynolds, Rosenbaum, Weiker, and Weinberg)

AGAINST: 1 (Jacobson)

It was moved by Reynolds; seconded by Rosenbaum to:

Adopt Ordinance No. 24C-14 establishing the fee for parking citations and sunsetting the Town Center Commuter Parking Permit Program

MOTION PASSED: 6-1

FOR: 6 (Anderl, Nice, Reynolds, Rosenbaum, Weiker, and Weinberg)

AGAINST: 1 (Jacobson)

AB 6541: 2024 Comprehensive Plan Periodic Update: Receive the City Council Ad Hoc Committee Recommendations and Complete Deliberations on the Proposed 2024 Comprehensive Plan Amendments

CPD Director Jeff Thomas spoke about the Ad-Hoc Committee recommendations which included one Transportation Element policy to adopt the Town Center Parking Plan and its successors by reference and preparing a draft Economic Development Element with goals and policies. He discussed the City Manager recommendations related to parking goals and policies and sustainability and the environment in the Economic Development Element. Mr. Thomas provided an overview of the City Manager recommended amendments to the Economic Development, Land Use, Parks and Open Space, and Capital Facilities Elements related to cultural arts, emergency management, and ADA.

City Council discussed the proposals and asked questions.

It was moved by Reynolds; seconded by Weinberg to:

Add a new Transportation Element Policy 1.5 to adopt the current Pedestrian and Bicycle Facilities

Plan by reference and its successors

MOTION PASSED: 7-0

FOR: 7 (Anderl, Jacobson, Nice, Rosenbaum, Reynolds, Weiker, and Weinberg)

It was moved by Weinberg; seconded by Jacobson to:

Approve the Ad-Hoc Committee recommended amendment for item CC-88 and direct staff to incorporate into the 2024 City Council Draft Comprehensive Plan as contained in Exhibit 1.

MOTION PASSED: 7-0

FOR: 7 (Anderl, Jacobson, Nice, Rosenbaum, Reynolds, Weiker, and Weinberg)

It was moved by Rosenbaum; seconded by Jacobson to:

Approve Ad-Hoc Committee recommended amendment for item CC-179 as contained in Exhibit 2 to allow for further City Council deliberation.

MOTION PASSED: 7-0

FOR: 7 (Anderl, Jacobson, Nice, Rosenbaum, Reynolds, Weiker, and Weinberg)

It was moved by Anderl; seconded by Rosenbaum to:

Approve City Manager recommended amendments to the Economic Development Element related to parking and direct staff to incorporate into the 2024 City Council Draft Comprehensive Plan as contained in Exhibit 3.

It was moved by Weinberg; seconded by Reynolds to:

Instead of striking policy 10.3 in the Economic Development Element, replace it with the following text:**10.3 – For Town Center locations within line-of-sight and easy walking distance of high-speed EV charging facilities, encourage the development of businesses that appeal to people waiting for their car to charge.**

MOTION FAILED: 3-4

FOR: 3 (Reynolds, Rosenbaum, and Weinberg)

AGAINST: 4 (Anderl, Jacobson, Nice, and Weiker)

MAIN MOTION PASSED: 7-0

FOR: 7 (Anderl, Jacobson, Nice, Rosenbaum, Reynolds, Weiker, and Weinberg)

It was moved by Rosenbaum; seconded by Jacobson to:

Approve City Manager recommended amendments to the Economic Development Element related to sustainability and environment and direct staff to incorporate into the 2024 City Council Draft Comprehensive Plan as contained in Exhibit 4

MOTION PASSED: 7-0

FOR: 7 (Anderl, Jacobson, Nice, Rosenbaum, Reynolds, Weiker, and Weinberg)

It was moved by Jacobson; seconded by Rosenbaum to:

Approve City Manager recommended amendments to the Economic Development Element, Land Use Element, Parks and Open Space Element and Capital Facilities Element related to cultural arts, emergency management, and ADA and direct staff to incorporate into the 2024 City Council Draft Comprehensive Plan as contained in Exhibit 5

MOTION PASSED: 7-0

FOR: 7 (Anderl, Jacobson, Nice, Rosenbaum, Reynolds, Weiker, and Weinberg)

It was moved by Reynolds; seconded by Weinberg to:

Amend Goal 5 of the economic development policy to replace the word “establish” with “consider establishing”

MOTION PASSED: 5-2

FOR: 5 (Anderl, Jacobson, Reynolds, Weiker, and Weinberg)

AGAINST: 2 (Nice and Rosenbaum)

OTHER BUSINESS**Planning Schedule**

City Manager Jessi Bon spoke about the October meetings and reviewed the 2025-2026 Preliminary Budget approval process. She also spoke about possible dates for the 2025 City Council Planning Session.

Councilmember Absences and Reports

Deputy Mayor Rosenbaum thanked Councilmember Weinberg for attending the SCA PIC meeting. He noted that the PTA Council met last week and thanked staff for putting together all of the summer events that occurred on the island.

Councilmember Weiker thanked staff for the great presentations this evening and thanked the ad-hoc committee for their work.

Councilmember Weinberg noted there was a meeting of the King County Climate Coalition, an SCA PIC meeting, and an Arts Council Meeting. He also noted that his next monthly open lunch is on Saturday October 19 at Pagliacci and that anyone is welcome to come.

Councilmember Reynolds noted there was a Parks and Recreation Commission meeting, and that he has let the Law Enforcement Officers and Firefighters Disability Board that he is interest in continuing on this board.

Councilmember Jacobson thanked the ad-hoc committee for their work and noted that Sophia’s Way has been making been making great progress in helping the homeless, and noted there was a Utility Board meeting.

City Council was in recess from 6:37 pm to 6:48 pm.

EXECUTIVE SESSION

At 6:41 pm, Mayor Nice convened an Executive Session in Room 104 at the Mercer Island Community & Event Center, 8236 SE 24th Street, Mercer Island, WA and via Microsoft Teams.

The Executive Session was for planning or adopting the strategy or position to be taken by the City Council during the course of any collective bargaining, professional negotiations, or grievance or mediation proceedings, or reviewing the proposals made in the negotiations or proceedings while in progress pursuant to RCW 42.30.140(4)(b) and to review the performance of a public employee pursuant to RCW 42.30.110(1)(g)

Mayor Salim Nice, Deputy Mayor Dave Rosenbaum, and Councilmembers Lisa Anderl, Jake Jacobson, Craig Reynolds, and Ted Weinberg participated in person. Councilmember Wendy Weiker was absent.

Mayor Nice adjourned the Executive Session at 7:34 pm.

ADJOURNMENT

The Regular Hybrid Council Meeting adjourned at 7:34 pm.

Attest:

Salim Nice, Mayor

Andrea Larson, City Clerk



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6545
October 1, 2024
Consent Agenda

AGENDA BILL INFORMATION

TITLE:	AB 6545: Domestic Violence Awareness Month, Proclamation No. 347	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Approve Proclamation No. 347 Proclaiming October 2024 as Domestic Violence Awareness Month on Mercer Island.	

DEPARTMENT:	Youth and Family Services
STAFF:	Mayor Salim Nice Derek Franklin, YFS Administrator
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Proclamation No. 347
CITY COUNCIL PRIORITY:	n/a

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUIRED	\$ n/a

EXECUTIVE SUMMARY

The purpose of this agenda bill is to proclaim October 2024 as Domestic Violence Awareness Month on Mercer Island (Exhibit 1).

ISSUE/DISCUSSION

Each October, Domestic Violence Awareness Month is recognized nationally and highlights the importance of preventing domestic violence through awareness, direct action, and support for survivors. The theme for the 2024 Domestic Violence Awareness Month is "Heal, Hold, & Center."

Domestic violence is defined as the willful intimidation, physical assault, battery, sexual assault, or other abusive behavior as part of a systemic pattern of power and control perpetrated by one intimate partner against another. It can include overt physical or sexual violence and threats as well as covert economic/ emotional/ psychological abuse and patterns of excessively controlling behavior. More prevalent than often perceived, domestic violence will be experienced by one in four women and one in seven men in their lifetimes. Every minute in the United States, 32 people experience intimate partner violence.

Mercer Island is not immune to the epidemic of domestic violence, and the impact it has on individuals, families, and the community. The City’s Youth and Family Services Department provides counseling, assessment, and referral for those experiencing domestic violence and for survivors. Regional partner Lifewire is an additional resource available to Mercer Island residents for victim advocacy, safety planning, and 24-hour crisis response.

Anyone concerned about intimate partner violence, abuse, or relationship safety can access free and confidential help at Lifewire’s 24-Hour Helpline at 425-746-1940 or 1-800-827-8840. Mercer Island residents impacted by domestic violence can also contact the Youth and Family Services Department Intake Line and Voicemail Line at 206-275-7657 for confidential assistance and referrals.

RECOMMENDED ACTION

Approve Proclamation No. 347 Proclaiming October 2024 as Domestic Violence Awareness Month on Mercer Island.



City of Mercer Island, Washington *Proclamation*

WHEREAS, each year in October, advocates, survivors, and supporters recognize October as Domestic Violence Awareness Month.

More prevalent than most perceive it to be, domestic violence will be experienced by one in four women and one in seven men in their lifetimes. Anyone, regardless of gender, race, sexual identity or orientation, or socio-economic status, can be a victim of domestic violence. The impact of domestic violence is felt not only by individuals and families, but by communities and the nation as a whole.

The 2024 Domestic Violence Awareness Month campaign theme, **Heal, Hold, & Center**, highlights the many cultural ways to **heal** from violence and oppression, commits to **holding** space for survivors, and aims to **center** those most marginalized in all efforts to end domestic violence.

The City's Youth and Family Services department provides services to help mitigate the devastating impact of domestic violence on survivors, children, families, and the community. Education, prevention, and intervention efforts are imperative to not only protect victims, but also to increase public awareness of the severity and extent of domestic violence.

Mercer Island joins with others across the state of Washington and nation in supporting domestic violence victims and survivors, and the advocates and organizations that serve them.

NOW, THEREFORE, I, Salim Nice, Mayor of the City of Mercer Island, do hereby proclaim October 2024 as

DOMESTIC VIOLENCE AWARENESS MONTH

and call upon the people of Mercer Island to speak out against domestic violence and support efforts to prevent and end domestic abuse.

APPROVED, this 1st day of October 2024

Mayor Salim Nice

Proclamation No. 347



**CITY OF MERCER ISLAND
YOUTH & FAMILY SERVICES**



**BUSINESS OF THE CITY COUNCIL
CITY OF MERCER ISLAND**

**AB 6546
October 1, 2024
Consent Agenda**

AGENDA BILL INFORMATION

TITLE:	AB 6546: Arbor Day Proclamation	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Approve Proclamation No. 348 proclaiming the third Saturday in October as Arbor Day in the City of Mercer Island	

DEPARTMENT:	Public Works
STAFF:	Alaine Sommargren, Deputy Public Works Director Andrew Prince, Urban Forestry Project Manager
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Proclamation No. 348
CITY COUNCIL PRIORITY:	n/a

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUIRED	\$ n/a

EXECUTIVE SUMMARY

The purpose of this agenda bill is to proclaim the third Saturday in October as Arbor Day in the City of Mercer Island (Exhibit 1).

BACKGROUND

The Tree City USA program serves to recognize a community’s commitment to caring for its urban forests – a designation which more than 3,500 communities nationwide have attained since the program’s creation in 1976. The City of Mercer Island first joined this program in 2017, and the Arbor Day proclamation is an annual requirement for renewing this designation.

ISSUE/DISCUSSION

In addition to showcasing the many ways the City of Mercer Island values and supports a robust urban forest management program, maintaining active Tree City USA status also makes the City eligible for certain urban forestry grant programs. To qualify for these programs, four core standards of sound urban forestry management must be met:

1. Maintaining a tree board or department,
2. Adopting a tree care ordinance,

3. An annual budget of at least \$2 per capita dedicated to community forestry, and
4. An annual Arbor Day observance and proclamation.

The City of Mercer Island currently meets these criteria in the following ways:

- Urban forestry programs are well-established within the Parks and Right-of-Way divisions of the Public Works Department and include extensive tree planting and systematic tree assessments along the City's park, open space, and arterial boundaries. This work is supported by five staff ISA-certified arborists.
- The tree chapter of the Mercer Island Municipal Code demonstrates the City's ongoing commitment to protecting and enhancing this vital natural resource.
- Calculations of expenditure on all aspects of tree care indicate that the City has continued to exceed the per capita requirement over tenfold in 2024. These expenditures include all plant materials, installation, maintenance, and risk management, as well as ongoing training for staff arborists.

This proclamation, designating the third Saturday in October as Arbor Day in the City of Mercer Island, fulfills the final requirement needed to maintain Tree City USA qualification for the eighth year running. Further, the annual Arbor Day celebration creates a platform from which the City of Mercer Island can celebrate its triumphs, raise awareness of the challenges facing its urban tree canopy, and educate citizens on ways in which they can contribute to a healthy urban forest.

The 2024 Arbor Day celebration will be held on Saturday, October 19th from 10am-2pm in Gallagher Hill Open Space. This planting will enhance natural habitat, encourage tree planting in the community, recognize Mercer Island's dedicated community volunteers, and inspire citizens of all ages to be good forest stewards in City parks and their own backyards. City staff will launch a social media Countdown to Arbor Day including Facebook and Instagram posts that highlight the City's efforts to improve the health of Mercer Island's urban forests and share ideas of how residents can contribute on their own properties.

RECOMMENDED ACTION

Approve Proclamation No. 348 proclaiming the third Saturday in October as Arbor Day in the City of Mercer Island.



City of Mercer Island, Washington *Proclamation*

WHEREAS, protecting, planting, and maintaining trees are key community values expressed in the Mercer Island comprehensive plan and Climate Action Plan.

The City recognizes that trees contribute to the residential character on Mercer Island, providing health benefits, ecological services, and natural beauty to our neighborhoods.

Trees play a vital role in the stabilization of geologically hazardous areas, improve surface water quality and control, benefit Lake Washington, and reduce noise and air pollution.

Arbor Day, a worldwide observance that encourages tree planting and care, is one of many ways the City of Mercer Island and its residents declare their commitment to fostering healthy, resilient urban forests and street trees vital to the community’s present and future welfare.

NOW, THEREFORE, I, Salim Nice, Mayor of the City of Mercer Island, do hereby proclaim the third Saturday in October as

ARBOR DAY

in the City of Mercer Island and urge all citizens to support efforts to protect and nurture our trees and urban forests not just for the beauty they offer but for the benefits they provide our residents, community, and environment.

APPROVED, this 1st day of OCTOBER 2024

Mayor Salim Nice

Proclamation No. 348





**BUSINESS OF THE CITY COUNCIL
CITY OF MERCER ISLAND**

**AB 6547
October 1, 2024
Consent Agenda**

AGENDA BILL INFORMATION

TITLE:	AB 6547: Indigenous Peoples’ Day, Proclamation No. 349	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Approve Proclamation No. 349 Proclaiming October 14, 2024 as Indigenous Peoples’ Day on Mercer Island.	

DEPARTMENT:	City Council
STAFF:	Salim Nice, Mayor Andrea Larson, City Clerk
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Proclamation No. 347
CITY COUNCIL PRIORITY:	n/a

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUIRED	\$ n/a

EXECUTIVE SUMMARY

The purpose of this agenda bill is to proclaim October 14, 2024 as Indigenous Peoples’ Day on Mercer Island (Exhibit 1).

ISSUE/DISCUSSION

Indigenous Peoples’ Day is celebrated on the second Monday of October and recognizes the resilience and diversity of Indigenous Peoples in the United States. The celebration of Indigenous Peoples’ Day serves as a reminder of the resilience, strength, and contributions of Indigenous communities, as well as an opportunity to engage in dialogue and education about their history and contemporary issues.

RECOMMENDED ACTION

Approve Proclamation No. 349 Proclamation October 14, 2024 as Indigenous Peoples’ Day on Mercer Island.



City of Mercer Island, Washington *Proclamation*

WHEREAS, Indigenous Peoples’ Day is celebrated on the second Monday of October each year and recognizes the resilience and diversity of Indigenous Peoples in the United States.

Indigenous Peoples have inhabited this land for thousands of years, nurturing a deep connection to the earth, their cultures, and their communities.

Indigenous communities possess rich histories, languages, traditions, and contributions that have profoundly shaped our society and continue to enrich our collective identity.

It is essential to acknowledge the ongoing impacts of colonization, discrimination, and injustices faced by Indigenous Peoples, and to promote healing, understanding, and respect for their rights and cultures.

The celebration of Indigenous Peoples’ Day serves as a reminder of the resilience, strength, and contributions of Indigenous communities, as well as an opportunity to engage in dialogue and education about their history and contemporary issues.

NOW, THEREFORE, I, Salim Nice, Mayor of the City of Mercer Island, do hereby proclaim October 14, 2024 as

INDIGENOUS PEOPLES’ DAY

on Mercer Island and urge all citizens to recognize and honor the rich cultural heritage and enduring contributions of Indigenous Peoples, to learn about their histories, and to commit to supporting justice and equity for all Indigenous communities.

APPROVED, this 1st day of October 2024.

Mayor Salim Nice

Proclamation No. 347



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6549
October 1, 2024
Consent Agenda

AGENDA BILL INFORMATION

TITLE:	AB 6549: Agreement with MISD for Fuel Purchase	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Authorize the City Manager to execute the Agreement with the Mercer Island School District for Fuel Purchase.	

DEPARTMENT:	Public Works
STAFF:	Jason Kintner, Chief of Operations
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Agreement Between Mercer Island School District and the City of Mercer Island for Fuel Purchase
CITY COUNCIL PRIORITY:	n/a

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUIRED	\$ n/a

EXECUTIVE SUMMARY

The purpose of this agenda item is to authorize an Agreement (Agreement) between the City of Mercer Island (City) and Mercer Island School District No. 400 (District) that allows the City to purchase unleaded and diesel fuel (together, Fuel) from the District for the City’s vehicles.

BACKGROUND

On November 24, 1992, the Mercer Island School District and the City entered an Interlocal Agreement (ILA) that permitted the City to fuel its vehicles utilizing the facilities maintained by the District at the District’s Field Operation Base. As part of the agreement, the District would purchase the fuel from its suppliers and make it available to the City. In turn, the City would pay the District for the fuel at the price the District paid to its suppliers. Recently, the District underwent a software system upgrade that required an update to the previous ILA. A new Agreement (see Exhibit 1) was drafted and presented before the School District’s Board of Director’s on August 29, 2024. The Agreement was approved by the Board of Directors and now awaits City Council approval.

ISSUE/DISCUSSION

The fundamental structure of the Agreement remains the same as the previous agreement signed in 1992. A minor change in the Pricing and Billing section (see Section 3(d)) was integrated to include a slight service

markup of \$0.20 per gallon to offset the District's costs for administration, staffing, and upkeep of the fueling facilities and associated equipment. This service markup will be reviewed annually for potential adjustment based on mutual agreement.

NEXT STEPS

The District has completed the software system upgrades and is awaiting issuance of new card readers to improve fueling and tracking of fuel. Upon completion of the Agreement, updated fuel equipment will be distributed to City staff.

RECOMMENDED ACTION

Authorize the City Manager or designee to execute an agreement with the Mercer Island School District No. 400 that allows the City to purchase fuel from the District for the City's vehicles substantially in the form attached as Exhibit 1.

**MERCER ISLAND SCHOOL DISTRICT AND THE CITY OF MERCER ISLAND
AGREEMENT FOR FUEL PURCHASE**

This Agreement ("Agreement") is entered into on _____ by and between the Mercer Island School District #400 ("District"), and the City of Mercer Island, Washington (the "City", together the "Parties").

WHEREAS, the City desires to enter into an agreement with the District whereby the City may purchase unleaded and diesel fuel (together, "Fuel") from the District for the City's vehicles; and

WHEREAS, the District has agreed to permit the City to purchase fuel for the City's vehicles, and;

WHEREAS both the City and the District have determined that it is in the best interests of Mercer Island residents that this Agreement be entered into so that the City may purchase Fuel from the District for its vehicles.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, the Parties agree as follows:

1. **Agreement's Purpose:** To establish the terms under which the City may fuel City-owned vehicles utilizing the fueling facilities owned and operated by the District.
2. **Access:** The City will have controlled, twenty-four (24) hour access to the District's fueling facilities, subject to the District's security protocols. Such access is limited to City-owned vehicles. Personal vehicles and vehicles owned by other agencies or companies may not access the District's fueling facilities under this Agreement.
3. **Pricing and Billing:**
 - a. The District shall make available to the City Fuel the District purchases from its suppliers.
 - b. The District will bill the City each month for Fuel obtained at the District's fueling facility using the City's Fuel access mechanism(s)/account.
 - c. The City shall pay the District for Fuel purchased using the City Fuel access mechanism(s)/account.
 - d. The price per gallon of Fuel that the City shall pay will equal the District's purchase price plus \$0.20 per gallon service markup to offset the District's costs for administration, staffing, and upkeep of the fueling facilities and associated equipment. This service

markup may be reviewed annually for possible adjustment based on mutual agreement.

- e. The District will provide the City with detailed monthly billing statements, including the volume dispensed and applicable charges incurred by the City.

4. **Environmental and Safety Compliance:** The Parties commit to uphold environmental and safety standards in the management and operation of the fueling facilities. A protocol for environmental incident management shall be established.

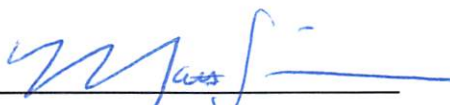
5. **Amendment, Renewal, & Termination:**

- a. The Agreement’s initial term is five (5) years during which time it can be terminated by the City with at least sixty (60) days advanced written notice to the District.
- b. This Agreement shall automatically renew on an annual basis after the initial term of five (5) years unless terminated by either party with sixty (60) days' written notice.
- c. The Agreement may be amended by mutual consent to reflect changes in law, District policy, or operational requirements.
- d. This Agreement applies to City-owned vehicles only.

6. **Effective Date:** This Agreement shall take full force and effect upon the signature by authorized representative of each Party.

BY _____
 Jessi Bon, City Manager
 City of Mercer Island

Dated: _____

BY 
 Matt Sullivan, CFO/COO
 Mercer Island School District #400

Dated: 9.10.24



**BUSINESS OF THE CITY COUNCIL
CITY OF MERCER ISLAND**

**AB 6527
October 1, 2024
Consent Agenda**

AGENDA BILL INFORMATION

TITLE:	AB 6527: Letter of Support for Improvements to the PSE Low-Income Utility Assistance Programs	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Authorize the Mayor to sign on to a letter to the Utility and Transportation Commission (UTC) regarding the Puget Sound Energy (PSE) rate increase and their Bill Discount Rate (BDR) program.	

DEPARTMENT:	City Council and Youth & Family Services
STAFF:	Mayor Salim Nice Derek Franklin, YFS Administrator
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Letter to WA State Utility and Transportation Commission 2. Puget Sound Energy’s Notice of Requested Changes to PSE Rates and Public Hearings
CITY COUNCIL PRIORITY:	n/a

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUIRED	\$ n/a

EXECUTIVE SUMMARY

The purpose of this agenda bill is to authorize the Mayor to sign on to a letter of support to the WA State Utility and Transportation Commission (UTC) regarding the Puget Sound Energy (PSE) rate increase and their Bill Discount Rate (BDR) program for improvements in the way low-income energy discount programs are administered.

BACKGROUND

The City of Mercer Island received a request from the City of Kenmore to sign on to a letter to the UTC to support addressing increasing utility rates and the adequacy of low-income utility assistance programs (Exhibit 1). The letter details specific recommendations aimed at decreasing the energy burden on the most vulnerable communities. This request was sent to all eastside cities in the hope that a collective commitment to advocating for these essential changes and united front amplifies the message and highlights the urgent need for restructuring.

PSE is currently undergoing a regulatory process for a rate increase, with a public hearing scheduled for October 9 (see Exhibit 2). This is an opportunity to advocate for needed changes to PSE's low-income assistance programs.

ISSUE/DISCUSSION

About a year ago, PSE launched their Bill Discount Rate (BDR) program, which featured a streamlined application and advertised discounts of 5% - 45%. A few months into the new program, it was learned that residents at or below 30% AMI were only receiving a 5% discount. After investigating, Kenmore discovered that the program criteria are based on Federal Poverty Level (FPL) guidelines rather than Area Median Income (AMI). This means that in most of the eastside communities, low-income residents typically qualify for 5-10% discounts. Unlike the federal Low-Income Home Energy Assistance Program (LIHEAP) assistance program, the utility companies can set their own income guidelines and are not required to align with Federal Poverty Level (FPL) or LIHEAP criteria.

The letter urges the UTC to require, as a stipulation of the approval of PSE's requested rate increase, (1) the adoption of the use of Area Median Income (AMI) as the basis for qualifying individuals and families for these vital programs, and (2) to further examine the percentage discount that is received by Very Low Income (50% AMI) and Extremely Low Income (30% AMI) residents. These changes would represent a significant step forward in addressing the diverse needs of eastside communities, ensuring that all residents have access to the support they need, and protecting the most vulnerable residents from the substantial energy rate increase that has been requested.

PSE is aware of this letter and provided feedback, which the City of Kenmore has incorporated into the letter.

NEXT STEPS

Following City Council authorization, the Mayor will sign the letter, and staff will respond to the City of Kenmore indicating the City of Mercer Island's support for the letter.

RECOMMENDED ACTION

Authorize the Mayor to sign on to a letter to the Utility and Transportation Commission (UTC) regarding the Puget Sound Energy (PSE) rate increase and their Bill Discount Rate (BDR) program.

Washington State Utility and Transportation Commission
1300 S Evergreen Park Dr SW
Olympia, WA 98504

Dear Commissioners,

In light of the rate increase proposed by Puget Sound Energy (PSE), and the impact this increase will have on our most vulnerable residents, we, the representatives of XXXX, XXXX, XXXX, are writing to advocate for critical improvements in the way low-income energy discount programs are administered. Specifically, we urge the Washington State Utility and Transportation Commission (UTC) to require, as a stipulation of the approval of PSE’s requested rate increase, 1) the adoption of the use of Area Median Income (AMI) as the basis for qualifying individuals and families for these vital programs, and 2) to further examine the percentage discount that is received by Very Low Income (50% AMI) and Extremely Low Income (30% AMI) residents.

Our cities face diverse economic challenges, and many residents struggle with managing energy costs. The current income qualification criteria for energy assistance programs don't account for regional variations in living costs and economic conditions. This mismatch can lead to a gap between the support provided and the actual needs of residents. We commend PSE for simplifying their utility assistance application and implementing a tiered discount system (5%-45%) that recognizes the broad range of needs within "low-income" categories. We further acknowledge that the PSE Bill Discount Rate Program was designed to work in conjunction with their HELP grant, an annual bill assistance lump-sum grant that is intended to lower each household’s energy burden to less than 6% of annual income. While these assistance programs were developed in collaboration with the PSE Low Income Advisory Committee, it is unclear if these programs combine to meet the goal of reducing customer energy burden to less than 6% of annual income. What is clear, and illustrated below, is given PSE's use of the Federal Poverty Level for income qualification, most extremely low-income households in King County receive minimal rebates through the PSE Bill Discount Rate Program, and the impact of these rebates varies based on local cost of living.

The following tables are intended to be illustrative of the issue. All tables are for a **single-person household**, and the AMI calculation is based on the Department of Housing and Urban Development (HUD) 2024 income guidelines.

The table below shows the percentage discount Extremely Low Income (30% AMI), Very Low Income (50% AMI) and Low Income (80% AMI) residents would receive from the PSE Bill Discount Rate Program in three PSE service areas. The impacts of the utility discount program vary across locations, and more importantly, Very Low Income and Extremely Low Income households are receiving a discount far below the advertised potential 45% rate discount.

County	% Discount @ 30%AMI (Extremely Low Income)	% Discount @ 50%AMI (Very Low Income)	%Discount @ 80%AMI (Low Income)
Thurston	10%	5%	5%
Pierce	10%	5%	5%
King	5%	5%	0%

This table illustrates the local Area Median Income across the same three areas that is required to receive the advertised 5%-45% rate discount. It is notable that across all three areas examined, an Extremely Low Income household would only receive a 5-10% discount. It is hard to imagine a resident in any of the counties receiving a 45% discount, as a single person household with a gross income of \$234/month is most likely either unhoused or living in a housing unit with a substantial subsidy.

%Discount	Discount Annual Income Limit	King County AMI Limit	Thurston County AMI Limit	Skagit County AMI Limit
45%	\$2,916 (\$243/mo)	2.7% AMI	3.7% AMI	3.6% AMI
40%	\$7,290 (\$608/mo)	6.9% AMI	9.2% AMI	9.0% AMI
20%	\$14,580 (\$1,215/mo)	13.8% AMI	18.4% AMI	18% AMI
15%	\$21,870 (\$1,823/mo)	20.7% AMI	27.7% AMI	27% AMI
10%	\$29,160 (\$2,430/mo)	27.7% AMI	36.9% AMI	36% AMI
5%	\$70,650 (\$5,888/mo)	67%AMI	89% AMI	87% AMI

The use of Area Median Income for income eligibility, instead of Federal Poverty Level limits, would allow for more equitable and effective support, particularly in high-cost regions like the Seattle metro area, where residents face greater financial strain. By requiring AMI as the qualification standard, the UTC can help provide more accurate eligibility assessments and tailored assistance that better meets the needs of all residents. Additionally, examining the discounts available to Very Low Income and Extremely Low Income households will be critical to addressing rising energy costs on these economically vulnerable households.

In response to inquiries from the City of Kenmore related to these program, PSE has noted that starting this fall, they will begin analyzing whether the combined BDR + HELP programs are effectively meeting their goal of reducing energy burden for low-income customers to less than 6% of annual income, and then working with their Low Income Advisory Committee to jointly determine if modifications are needed to these programs. We commend them for that analysis and follow up, and believe that our requests will be valuable tools to move that conversation forward and assist their Low Income Advisory Committee in their recommendations to PSE regarding these programs.

We respectfully request that the UTC consider this proposal and take the necessary steps to 1) incorporate Area Median Income into the qualifications for low-income energy programs, and 2) reevaluate the percentage discount that is received by Extremely Low Income (30% AMI) and Very Low Income (50% AMI) households. These changes would represent a significant step forward in addressing the diverse needs of our communities, ensuring that all residents have access to the support they need, and protecting our most vulnerable residents from the substantial energy rate increase that has been requested.

Thank you for your attention to this important issue. We look forward to your response and are hopeful for a positive resolution that will benefit our collective communities. If you have any questions regarding this request, please contact Tambi Cork, City of Kenmore Housing and Human Services Manager, at tcork@kenmorewa.gov.

Sincerely,

Notice of requested changes to PSE rates and public hearings

On February 15, 2024, PSE filed a general rate case with the Washington Utilities and Transportation Commission (UTC) requesting a multiyear adjustment to electric and natural gas rates. The UTC has the authority to approve rates that may be higher or lower than PSE’s request. The UTC is examining the proposed rates; the examination can take up to 11 months.

PSE has requested the following

Electric Service

- 2025 – An overall 6.74% increase in rates generating an additional \$192.2 million in revenue. A typical residential customer using 800 kilowatt-hours would see an overall average 7.19% increase, or \$7.84 per month.
- 2026 – An overall 9.30% increase in rates generating an additional \$285.2 million in revenue. A typical residential customer using 800 kilowatt-hours would see an overall average 9.58% increase, or \$11.20 per month.

Natural Gas Service

- 2025 – An overall 18.96% increase in rates generating an additional \$196 million in revenue. A typical residential customer using 64 therms would see an overall average 17.29% increase, or \$13.96 per month.
- 2026 – An overall 2.07% increase in rates generating an additional \$25.3 million in revenue. A typical residential customer using 64 therms would see an overall average 1.59% increase, or \$1.51 per month.

PSE requests rate adjustments for the following reasons

- To continue to provide safe and reliable energy service through upgrades or modernization projects to existing facilities
- To deploy an advanced distribution management system to support customers’ growing use of electric vehicles and distributed energy resources, such as rooftop solar, to reduce the need for large infrastructure projects
- To invest in pipeline reliability investments to enhance the safe operation of the natural gas delivery system and allow it to meet customer demands at times of peak need
- To introduce its Beaver Creek wind farm and provide 248 megawatts of clean energy to about 83,000 homes
- To fund wildfire and mitigation response that includes enhanced vegetation management and infrastructure upgrades, weather stations, AI cameras, advanced safety settings on power lines, and communications and community engagement
- To recover increased operating costs
- To set rates for a multiyear rate plan that reflect upcoming capital investments and operating costs over the two-year period

Public hearing date and time

You may comment on the requested changes to electric and natural gas rates at a virtual public hearing held by the UTC at the date and time listed below.

Wednesday, Oct. 9, 2024, at 6 p.m.

You can participate via Zoom video conferencing meeting at the following link: <https://utc-wa-gov.zoom.us/j/89576776087?pwd=YobV4Db1sJfhqHA9pvr7S7qLd0Lwv.1>

Or join by phone by calling **253-215-8782** and entering: Meeting ID number 895 7677 6087 and passcode 994124.

If you plan to participate, please call **1-888-333-9882** at least one day before the hearing so you can be signed in. Not calling in advance will not preclude you from calling the day of the hearing.

Other ways to comment on the proposed rates

UTC

Send written comments to the UTC by one of the following:

Online: utc.wa.gov/consumers/submit-comment

Email: comments@utc.wa.gov

Phone: **1-888-333-WUTC (9882)**

U.S. mail: Utilities and Transportation Commission
P.O. Box 47250
Olympia, WA 98504

In your comments, please reference Dockets UE-240004 (electric service) and UG-240005 (natural gas service).

Public Counsel

Residential and small business customers are represented in this case by the Public Counsel Unit of the Washington Office of the Attorney General.

Email: utility@atg.wa.gov

PSE

To contact PSE about the rate change proposals:

Email: customercare@pse.com

Phone: **1-888-225-5773**

U.S. mail: Puget Sound Energy
Customer Care
P.O. Box 97034
Bellevue, WA 98009-9734

Effects of proposed rate changes for residential electric and natural gas service

Item 8.

Electric service for the average residential customer (using 800 kilowatt hours of electricity per month)	Current	Proposed effective January 2025	Proposed effective January 2026*
Basic charge	\$7.49	\$9.74	\$12.66
Kilowatt-hour charge for 0–600 kWh	\$73.28	\$77.47	\$83.68
Kilowatt-hour charge for over 600 kWh	\$28.31	\$29.71	\$31.78
Total bill at 800 kWh per month	\$109.08	\$116.92	\$128.12
Overall Average Bill Impact		\$7.84 increase	\$11.20 increase

Natural gas service for the average residential customer (using 64 therms of natural gas per month)	Current	Proposed effective January 2025	Proposed effective January 2026*
Basic charge	\$12.50	\$14.86	\$17.67
Therm charge	\$68.22	\$79.82	\$78.52
Total bill at 64 therms per month	\$80.72	\$94.68	\$96.19
Overall Average Bill Impact		\$13.96 increase	\$1.51 increase

Overall proposed rate changes for natural gas service, by rate schedule

Natural gas schedule	Type of service	Current avg. rate per therm	Proposed effective January 2025	Proposed effective January 2026
23, 53	Residential	\$1.25375	\$1.47844 (17.92% increase)	\$1.51829 (1.95% increase)
16	Gas lighting	\$1.22015	\$1.42547 (16.83% increase)	\$1.46642 (2.87% increase)
31	Commercial & industrial	\$1.12060	\$1.37956 (23.11% increase)	\$1.41507 (2.51% increase)
41	Large volume	\$0.78414	\$0.90408 (15.30% increase)	\$0.93474 (2.17% increase)
85	Interruptible	\$0.57657	\$0.63090 (9.42% increase)	\$0.65350 (1.39% increase)
86	Limited interruptible	\$0.65962	\$0.71902 (9.01% increase)	\$0.74336 (1.09% increase)
87	Non-exclusive interruptible	\$0.42003	\$0.45883 (9.24% increase)	\$0.47459 (0.73% increase)
31T	Commercial & industrial transportation	\$1.12060	\$1.37956 (23.11% increase)	\$1.41507 (2.51% increase)
41T	Large volume transportation	\$0.33723	\$0.42419 (25.79% increase)	\$0.42031 (0.30% increase)
85T	Interruptible transportation	\$0.23651	\$0.28216 (19.30% increase)	\$0.29034 (1.96% increase)
86T	Limited interruptible transportation	\$0.29141	\$0.33323 (14.35% increase)	\$0.33216 (1.23% decrease)
87T	Non-exclusive interruptible transportation	\$0.08210	\$0.11457 (39.55% increase)	\$0.12003 (3.61% increase)
88T	Exclusive interruptible transportation	\$0.03719	\$0.01789 (51.90% decrease)	\$0.01360 (30.46% decrease)
	Special Contracts	\$0.09360	\$0.09763 (4.30% increase)	\$0.10308 (4.68% increase)
Overall**			18.96% increase	2.07% increase

Overall proposed rate changes for electric service, by rate schedule

Item 8.

Electric schedule	Type of service	Current avg. rate per kWh	Proposed effective January 2025	Proposed effective January 2026
7, 307, 317, 327	Residential	\$0.139521	\$0.149176 (6.92% increase)	\$0.162824 (9.64% increase)
8, 24, 324	Secondary voltage (50 kW or less)	\$0.134076	\$0.144574 (7.83% increase)	\$0.157847 (9.28% increase)
7A, 25, 11	Secondary voltage (over 50 kW to 350 kW)	\$0.131176	\$0.138539 (5.61% increase)	\$0.150709 (8.90% increase)
12, 26, 26P	Secondary or primary voltage (over 350 kW)	\$0.118098	\$0.124557 (5.47% increase)	\$0.134755 (8.94% increase)
29	Seasonal irrigation & drainage pumping	\$0.115750	\$0.122097 (5.48% increase)	\$0.133458 (9.02% increase)
10, 31	Primary voltage limited	\$0.113827	\$0.120435 (5.81% increase)	\$0.131587 (9.01% increase)
35	Primary voltage irrigation	\$0.094969	\$0.107600 (13.30% increase)	\$0.120776 (11.94% increase)
43	Interruptible total electric schools	\$0.116843	\$0.125348 (7.28% increase)	\$0.136698 (8.96% increase)
46	High voltage interruptible	\$0.087432	\$0.091608 (4.78% increase)	\$0.099430 (8.57% increase)
49	High voltage general	\$0.089131	\$0.093979 (5.44% increase)	\$0.101752 (8.32% increase)
50-59	Lighting (area & street)	\$0.344708	\$0.344655 (0.02% decrease)	\$0.376589 (9.16% increase)
448-459	Choice/retail wheeling	\$0.008439	\$0.008834 (4.67% increase)	\$0.008897 (0.59% increase)
	Special Contracts	\$0.020054	\$0.034626 (72.66% increase)	\$0.037674 (5.71% increase)
Overall**			6.74% increase	9.30% increase

* Electric rate changes include estimated 2026 budget related to proposed trackers for illustration purposes only. 2026 rates for the proposed trackers will be submitted through separate filings related to each tracker.

** Represents overall average increase without specific energy use amount.

NOTE: The figures above represent averages by rate schedule including the basic charge. Individual customers will see a change that is greater or lesser than what is shown, depending on the amount of usage and participation in optional services or bill assistance programs. Most electric and all natural gas customers are billed monthly. Some electric customers are billed every other month. During the UTC's consideration of these proposed rates, other rates may change due to pending or previously approved rate filings. To contact PSE about these proposals: email customercare@pse.com; call **1-888-225-5773** (TTY: **1-800-962-9498**); or write to Puget Sound Energy, ATTN: Customer Care, P.O. Box 97034, Bellevue, WA, 98009-9734. Each of the proposed requests can be accessed at <https://www.pse.com/pages/rates/pending-utc-filings>. Bill assistance programs are available to qualified customers who need help with their energy bills. PSE customers can go to <http://www.pse.com/assistance> or call **1-888-333-9882** to learn if they are eligible. Payment plans are also available.

If you need a reasonable accommodation to participate at the public comment hearing, please contact the UTC by calling **1-888-333-9882** or online comments@utc.wa.gov at least one week before the public comment hearing. The UTC is committed to providing reasonable accommodations to participants with disabilities.

For the effect of the proposed changes on other types of electric and natural gas services, visit pse.com/ratecase.

Copies of information on rules, rates, power supply fuel mix, regulations, customer rights and responsibilities, as well as an annual report, are available by calling **1-888-225-5773** and at pse.com.



**BUSINESS OF THE CITY COUNCIL
CITY OF MERCER ISLAND**

**AB 6548
October 1, 2024
Regular Business**

AGENDA BILL INFORMATION

TITLE:	AB 6548: 2024 Comprehensive Plan Periodic Update – HB 1220 Affordable Housing Target Capacity Options	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Provide direction on the preferred option for accommodating the required affordable housing target capacity within in the Mercer Island Town Center.	

DEPARTMENT:	Community Planning and Development
STAFF:	Jeff Thomas, Community Planning and Director Adam Zack, Senior Planner
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Town Center Capacity Options
CITY COUNCIL PRIORITY:	n/a

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUIRED	\$ n/a

EXECUTIVE SUMMARY

The purpose of this agenda bill is to provide the City Council with options for achieving the required affordable housing target capacity within the Mercer Island Town Center as a component of the 2024 Comprehensive Plan Periodic Update as required by the Washington State Growth Management Act (GMA).

- On January 2, 2024, staff presented the City Council with a Land Capacity Analysis Supplement based on guidance from the Washington State Department of Commerce (Commerce) that identified a capacity deficit of 143 dwelling units in multifamily and mixed-use zones ([AB 6385](#)).
- On January 16, 2024, the City Council approved the following motion: “Direct the Housing Work Group to develop a recommended plan for adding required additional capacity in the Mercer Island Town Center (Town Center), but not limited to adding “one floor option” with due consideration of the impact on the Island businesses and a charge to look for options that mitigate the impact to Island businesses” ([AB 6393](#)).
- The City Council direction from January 16, 2024 was incorporated into the draft Housing Element, prepared by the Housing Work Group comprised of three City Council and two Planning Commission members.
- The Housing Work Group recommended draft was presented to the Planning Commission in March 2024 and the Planning Commission recommended draft was presented to City Council in July 2024 ([AB 6519](#) and [AB 6541](#)).

- The City Council reviewed the draft Housing Element in September 2024 and provided policy direction to achieve the required affordable housing target capacity within the Town Center.
- City Council direction is now needed to identify the preferred option to address the housing target capacity in the Town Center. This agenda bill presents two Options for consideration:
 - Increase the maximum building height by one story in the entire Town Center, or
 - Increase the maximum building height by two stories in TC-5 and TC-4 Plus subareas and by one story in the TC-4 subarea.
- Concurrently, City Council direction is requested on the share of housing units in new development required to be affordable housing. The Mercer Island City Code (MICC) currently requires 10 percent of units to be affordable in any Town Center development taller than 2 stories.
- An additional, longer-term option was evaluated for consideration which would redesignate an area along 80th Avenue SE, north of SE 30th Street to add additional Town Center capacity.
- The City Council direction provided on October 1, 2024 will be incorporated into an ordinance containing interim development regulations. City Council will conduct a public hearing and consider the ordinance on November 19, 2024.

BACKGROUND

The City began the 2024 periodic review of its Comprehensive Plan in March 2022, when the City Council approved the Scope of Work, Master Schedule, and Public Participation Plan ([Resolution No. 1621](#)). Per the WA Growth Management Act (GMA), the 2024 Comprehensive Plan periodic review must be adopted by December 31, 2024.

Capacity Deficit

Presented to the City Council on January 2, 2024, the Land Capacity Analysis Supplement evaluates whether the City has adequate development capacity to accommodate its housing needs, as determined by the state and King County, at various income levels ([AB 6385](#)). The analysis was conducted based on the [Commerce guidance for evaluating land capacity](#). The Commerce guidance details a process by which cities would assume that higher density development will accommodate lower-income households. In high-cost communities like Mercer Island, the guidance assumes that nearly all of the housing needs below 120 percent of the area median income (AMI) would be accommodated in multifamily and mixed-use zones. Within that framework, the Land Capacity Analysis Supplement finds a 143-unit capacity deficit in multifamily and mixed-use zones ([AB 6385](#), Exhibit 1). HB 1220 and the Commerce Guidance require the City to address this deficit during the Comprehensive Plan Periodic Review by increasing mixed-use and/or multifamily development capacity.

Council Direction

On January 16, 2024, the City Council provided direction that the multifamily and mixed-use development capacity deficit should be addressed during the Comprehensive Plan periodic review. The City Council direction was to:

Direct the Housing Work Group to develop a recommended plan for adding required additional capacity in the Town Center but not limited to adding “one floor option” with due consideration of the impact on the Island businesses and a charge to look for options that mitigate the impact to Island businesses ([City Council Minutes, January 16, 2024](#)).

The Housing Work Group considered the City Council direction as it prepared its draft of the Housing Element, which included policy direction for increasing the development capacity in the Town Center. To implement

the Housing Element, the fine detail of the preferred approach to increasing the development capacity must be ascertained. Direction on the preferred approach will be incorporated into an ordinance to amend the development code in Title 19 Mercer Island City Code (MICC) and implement the Housing Element. On October 1, the City Council will be asked to provide direction on their preferred approach to add development capacity in the Town Center.

ISSUE/DISCUSSION

Staff evaluated two options for achieving the required affordable housing target capacity within the Mercer Island Town Center. In addition to the two options for increasing housing capacity, staff analyzed an optional additional capacity buffer and increasing the required affordable housing percentage for new development. A full description and analysis of these options is provided in Exhibit 1. The options are briefly summarized below.

Capacity Options

Staff prepared two Options for addressing the 143-unit residential development capacity deficit.

- A. Add One Story Throughout Town Center, or
- B. Increase Height in TC-5, TC-4 Plus, and TC-4.

Both options considered in Exhibit 1 would increase capacity enough to overcome the 143-unit deficit and achieve the required affordable housing target capacity within the Mercer Island Town Center.

Option A: Add One Story Throughout Town Center

To achieve the required affordable housing target capacity within the Mercer Island Town Center, the City Council can amend the development regulations in the Town Center. The Town Center is currently divided into six subareas: TC-5, TC-4 Plus, TC-4, TCMF-4, TC-3, and TCMF-3. Each of the subareas has a different height limit established in [Mercer Island City Code \(MICC\) 19.11.030 – Bulk Regulations](#). The maximum height in the TC-5 and TC-4 Plus subareas is 63 feet (5 stories), in TC-4 and TCMF-4 the maximum height is 51 feet (4 stories), and in TC-3 and TCMF-3 maximum height is 39 feet (3 stories). Increasing the maximum building height by one story in Town Center would increase development capacity by 152 dwelling units, enough to overcome the 143-unit capacity deficit (Exhibit 1, Table 1).

Option B: Increase Height in TC-5, TC-4 Plus, and TC-4

Option B would target the subareas in the north and middle of Town Center with a focused increase of housing capacity. If the TC-5 and TC-4 Plus maximum building height is increased from five stories to seven and TC-4 increase from four stories to five, development capacity would increase by 237 units, enough to overcome the 143-unit capacity deficit (Exhibit 1, Table 2).

Optional Additional Capacity Buffer

In addition to Options A and B, the City Council may consider increasing the development capacity more than the minimum required to help demonstrate that it is making progress toward accommodating its housing needs through the Comprehensive Plan planning period. Staff analyzed an optional additional capacity buffer in the TC-3 subarea along 80th Ave SE north of SE 30th Street as shown in Exhibit 1, Map 4. This optional additional housing capacity buffer could be added to either Option A or Option B. If the maximum building height in this area was increased to 5 stories it would add 201 additional units of capacity. If the maximum building height increased to 7 stories, capacity would increase by 401 units. A full analysis is provided in Exhibit 1.

Adding a housing capacity buffer would help the City keep additional capacity headroom as new development occurs and uses up some of its capacity. Table 1 shows the City's multifamily and mixed-use development capacity, the affordable housing target, and how capacity changes as development occurs. This table illustrates the way the optional additional housing capacity buffer, as proposed, would help the City maintain housing capacity as development occurs during the planning period.

Table 1. Mercer Island Multifamily and Mixed-Use Housing Capacity, Affordable Housing Target, and Optional Additional Housing Capacity Buffer.

Option A			
	Multifamily and Mixed-Use Housing Capacity	Affordable Housing Target²	Capacity Surplus or Deficit (Capacity Minus Target)
Starting Balance (Current Conditions)	1,073¹	1,216²	Deficit -143 Units
Option A (debit)	(+)152 ³	-	
New Balance	1,225	1,216²	Surplus +9 Units
Xing Hua Development (credit)	146 Units	15 Units ⁵	
New Balance	1,079	1,201	Deficit -122 Units
Hypothetical Development A (credit)	15 Units ⁴	2 Units ⁵	
New Balance	1,064	1,199	Deficit -135 Units
Hypothetical Development B (credit)	173 Units ⁴	18 Units ⁵	
New Balance (end of Option A)	891	1,181	Deficit -290 Units
Optional Additional Housing Capacity Buffer (debit)	(+)401 ⁶	-	
New Balance (Option A plus Capacity Buffer)	1,292	1,181	Surplus +111 Units

Option B			
	Multifamily and Mixed-Use Housing Capacity	Affordable Housing Target ²	Capacity Surplus or Deficit (Capacity Minus Target)
Starting Balance (Current Conditions)	1,073¹	1,216²	Deficit -143 Units
Option B (debit)	(+)237 ³	-	
New Balance	1,310	1,216²	Surplus +94 Units
Xing Hua Development (credit)	146 Units	15 Units ⁵	
New Balance	1,164	1,201	Deficit -37 Units
Hypothetical Development A (credit)	15 Units ⁴	2 Units ⁵	
New Balance	1,149	1,199	Deficit -50 Units
Hypothetical Development B (credit)	173 Units ⁴	18 Units ⁵	
New Balance (end of Option B)	976	1,181	Deficit -205 Units
Optional Additional Housing Capacity Buffer (debit)	(+)401 ⁶	-	
New Balance (Option B plus Capacity Buffer)	1,377	1,181	Surplus +196 Units

Notes:

1. The City's existing multifamily and mixed-use housing capacity was analyzed in the Land Capacity Analysis Supplement provided to the City Council in Agenda Bill 6385, Exhibit 1. Based on the guidance provided by Commerce, affordable housing is presumed to be provided primarily in denser housing so multifamily and mixed-use development capacity must at least equal the affordable housing target for the City to accommodate its affordable housing needs.
2. Housing needs were established in the King County Countywide Planning Policies (CPPs) as amended in 2023.
3. Options A and B would increase development capacity, so both are listed as a capacity debit.
4. Hypothetical developments are those that might occur during the planning period, included here as an example. Each development would 'use up' the available capacity, so these units would be a credit subtracted from the capacity total.
5. New developments taller than two stories are required to provide affordable housing units at a rate of 10 percent of all units. Those units must be affordable at 70% of the AMI in three-story structures or 60% of the AMI for four-story structures and taller. The provision of affordable housing units counts here as a credit subtracted from the total affordable housing need.
6. Adding the optional additional housing capacity buffer would increase to the total housing capacity, so it is listed as a capacity debit. The capacity debit used in this table assumes the maximum building height in the buffer area would be increased to seven stories.

Increase in Affordable Housing Percentage

In addition to allowing buildings to be taller (Options A and B), the City can also require more affordable housing units be constructed in those taller buildings. The Mercer Island City Code (MICC) currently requires any building taller than two stories in the Town Center to include at least ten percent of the dwelling units in that project as affordable housing units (MICC 19.11.040). At the same time the City increases development capacity, it can increase the affordable housing percentage from 10 to 15 percent. Further discussion of this option is provided in Exhibit 1.

NEXT STEPS

Based on the October 1, 2024 City Council direction provided, an ordinance containing interim development regulations will be drafted for City Council consideration and a public hearing on November 19, 2024.

RECOMMENDED ACTION

Direct staff to prepare an ordinance containing interim development regulations for public hearing and consideration on November 19, 2024 incorporating Option [select A or B] and an adjustment of the affordable housing requirement to [select %] at 60% AMI.

Addressing Capacity

Presented to the City Council on January 2, 2024, the Land Capacity Analysis Supplement evaluates whether the City has adequate development capacity to accommodate its housing needs, as determined by the State and King County, at various income levels (AB 6385). The analysis was conducted based on the [Commerce guidance to for evaluating land capacity](#). The Commerce guidance details a process by which cities would assume that higher density development will accommodate lower-income households. In high-cost communities like Mercer Island, the guidance assumes that nearly all of the housing needs below 120 percent of the area median income (AMI) would be accommodated in multifamily and mixed-use zones. Within that framework, the Land Capacity Analysis Supplement finds a 143-unit capacity deficit in multifamily and mixed-use zones (AB 6385, Exhibit 1). HB 1220 and the Commerce Guidance require the City to address this deficit during the Comprehensive Plan Periodic Review by increasing mixed-use and/or multifamily development capacity.

City Council Direction

On January 16, 2024, the City Council provided direction that the multifamily and mixed-use development capacity deficit should be addressed during the Comprehensive Plan periodic review. The City Council direction was to:

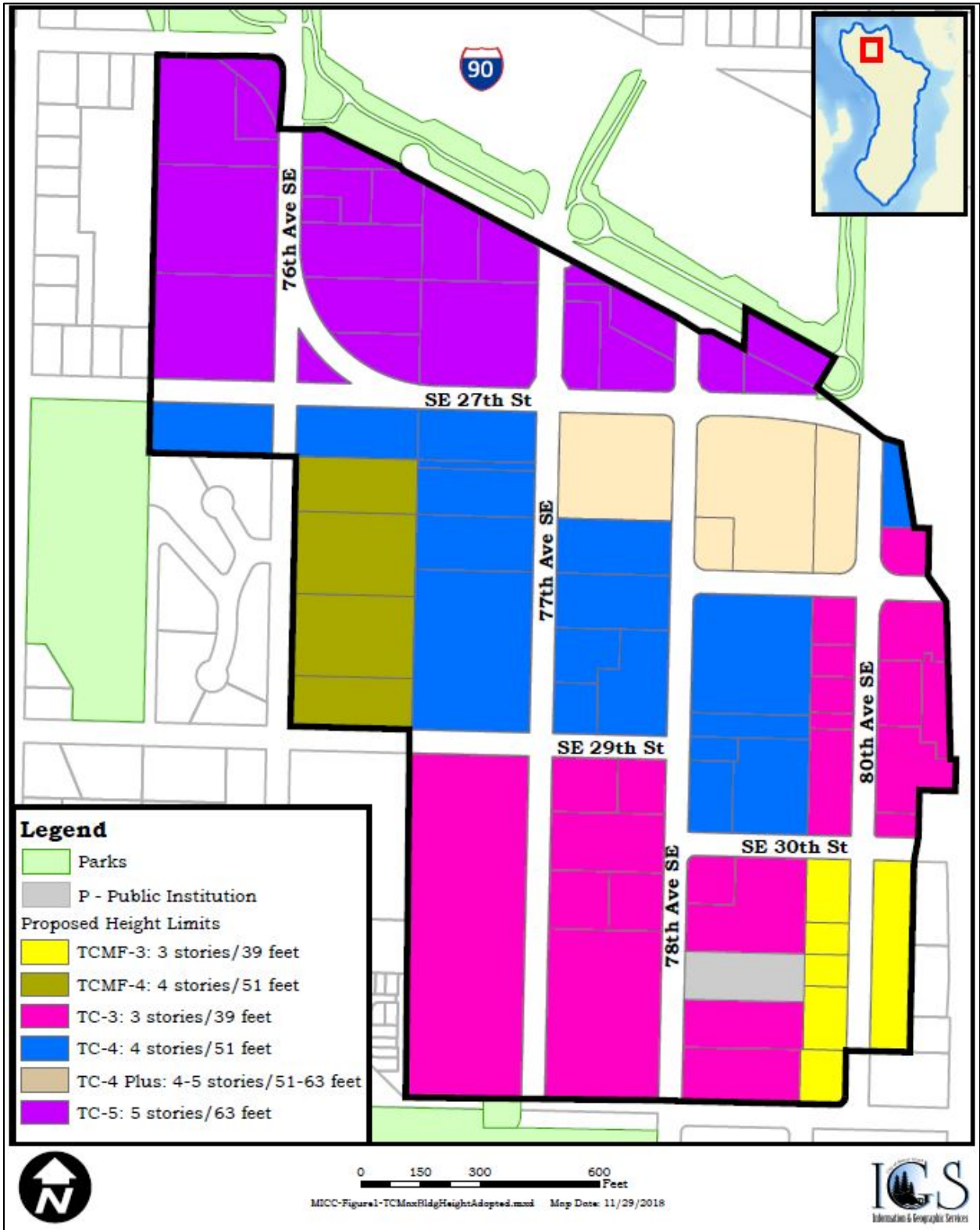
Direct the Housing Work Group to develop a recommended plan for adding required additional capacity in the Town Center but not limited to adding “one floor option” with due consideration of the impact on the Island businesses and a charge to look for options that mitigate the impact to Island businesses. (City Council Minutes, January 16, 2024)

The Housing Work Group considered the City Council direction as it prepared its draft of the Housing Element, which included policy direction for increasing the development capacity in the Town Center. To implement the Housing Element, the fine detail of the preferred approach to increasing the development capacity must be ascertained. Direction on the preferred approach will be incorporated into an ordinance to amend the development code in Title 19 Mercer Island City Code (MICC) and implement the Housing Element. On October 1, the City Council will be asked to provide direction on their preferred approach to add development capacity in the Town Center.

Town Center Subareas

The Town Center zone is divided into six subareas. Each subarea has development standards that regulate new development to achieve the Town Center subarea plan goals and policies. Generally, the Town Center subarea plan directs taller buildings in the northern portion of the Town Center, with heights stepping down in the southern subareas. The Town Center subareas are shown in Map 1.

Map 1. Town Center Subareas.



Source: [MICC 19.11.015 Town Center Subareas.](#)

Capacity Options

Staff has analyzed two Options for addressing the 143-unit residential development capacity deficit and achieve the required affordable housing target capacity within the Mercer Island Town Center.

- A. Increase the maximum height to permit one additional residential story in all Town Center subareas, or
- B. Increase the maximum height to permit two additional residential stories in the TC-5 and TC-4 Plus subareas and one additional residential story in TC-4.

Option A – Add One Story Throughout Town Center

Increase maximum building height in all subareas by one story.

To achieve the required affordable housing target capacity within the Mercer Island Town Center, Mercer Island can amend the development regulations in the Town Center. The Town Center is currently divided into six subareas: TC-5, TC-4 Plus, TC-4, TCMF-4, TC-3, and TCMF-3. Each of the subareas has a different height limit established in [Mercer Island City Code \(MICC\) 19.11.030 – Bulk Regulations](#). The maximum height in the TC-5 and TC-4 Plus subareas is 63 feet (5 stories), in TC-4 and TCMF-4 the maximum height is 51 feet (4 stories), and in TC-3 and TCMF-3 maximum height is 39 feet (3 stories). Increasing the maximum building height by one story in Town Center would increase development capacity by 152 dwelling units, enough to overcome the 143-unit capacity deficit.

Map 2 shows the area of Town Center that would be affected by Option A. This Option would apply throughout the Town Center zone, affecting all subareas. Table 1 shows the capacity analysis for Option A.

Map 2. Town Center Option A.

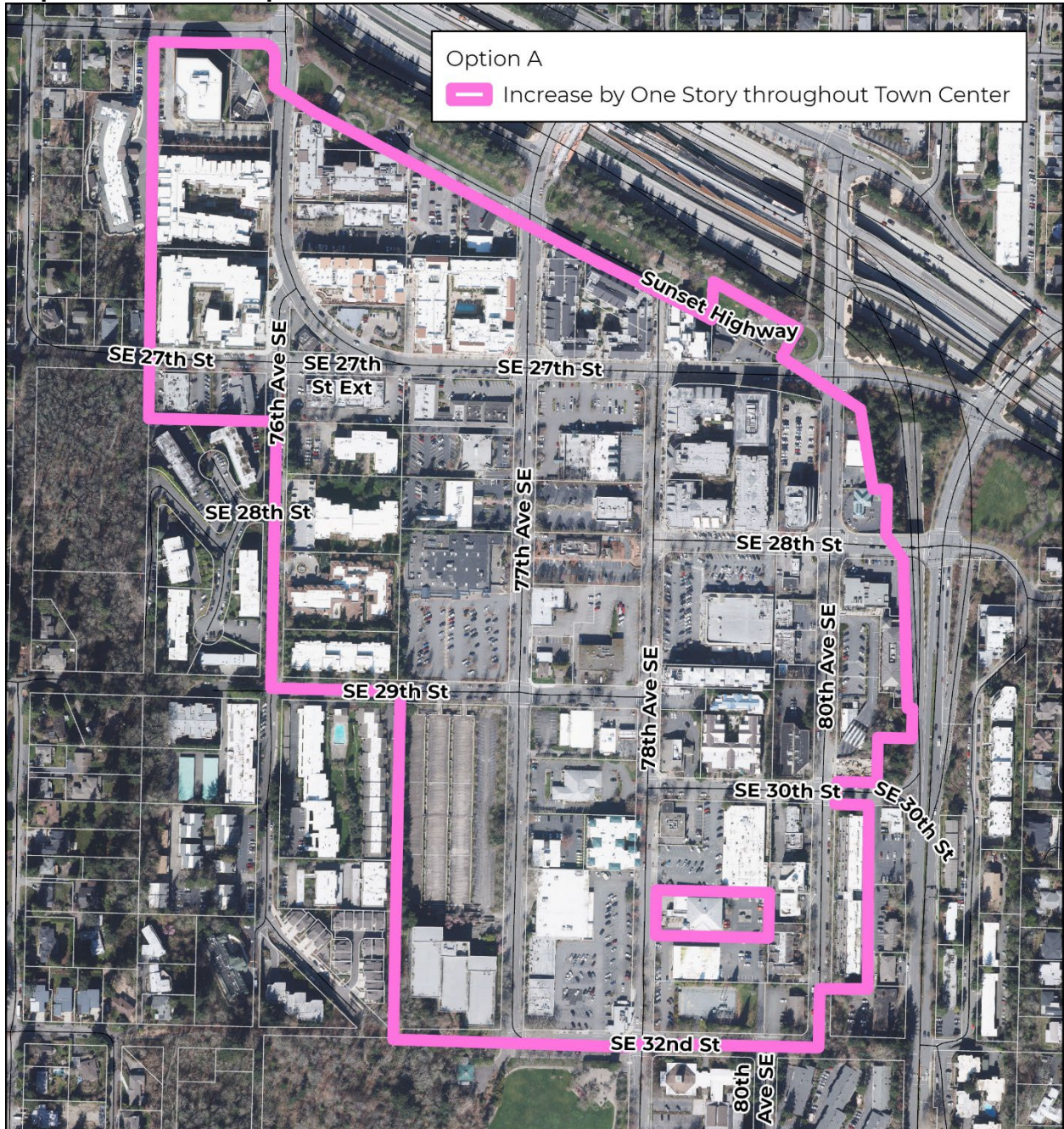


Table 1. Town Center Option A Detailed Capacity Analysis (1 Additional Story Option).

A	B	C	D	E	F	G	H	I
Subarea	Total Redevelopable Area (Square Feet)	Proposed Stories Allowed	Assumed Building Coverage	Assumed Unit Size	Market Factor	Existing Dwelling Units on Redevelopable Parcels	Net Dwelling Unit Capacity (Proposed)	Existing Capacity
TCMF-3	41,382.00	4	0.75	925	0.135	94	0	0
TCMF-4	0	5	0.75	925	0.135	0	0	0
TC-3	612,889.20	4	0.75	925	0.135	841	449	383
TC-4	337,590.00	5	0.75	925	0.135	896	52	4
TC-4 Plus	75,794.40	6	0.75	925	0.135	233	33	20
TC-5	141,570.00	6	0.75	925	0.135	350	147	122
Total Net Capacity							681	529
Total Capacity Increase (Net Minus Existing Capacity)							152	

Formulas:

- Net Dwelling Unit Capacity = $(B * (1 - F) * D * (C - 1)) / E - G$
- Total New Capacity = H - I

Option A Benefits

- Would place additional development capacity near the light rail station and I-90 onramps, providing ample transportation connections. Additional households accommodated in this capacity would be within walking distance to key transportation infrastructure.
- Would locate additional development capacity in an area with existing employment opportunities and services, reducing the need to travel elsewhere. Locating additional residential capacity near the City’s largest commercial area could also further economic development goals by increasing the customer base.

Option A Drawbacks

- Would increase capacity in an area with some displacement risks. The southern area of the Town Center has older residential development and increasing the capacity in that area might spur redevelopment of older, lower-priced units; and
- Increased development activity in the Town Center could displace some small businesses in the areas where redevelopment occurs. In general, redevelopment is more likely to occur after development capacity is increased.

Option B – Increase Height in TC-5, TC-4 Plus, and TC-4

Increase maximum building height from five stories to seven in TC-5 and TC-4 Plus, and four stories to five in TC-4.

Option B would target the subareas in the north and middle of Town Center with a focused increase of housing capacity. If the TC-5 and TC-4 Plus maximum building height is increased from five stories to seven and TC-4 increase from four stories to five, development capacity would increase by enough to overcome the 143-unit capacity deficit.

Map 3 shows the area of Town Center that would be affected by Option B. This Option would only apply in the TC-4, TC-4 Plus, and TC-5 Town Center subareas. Table 2 shows the capacity analysis for Option B. This Option is projected to increase development capacity in the Town Center by an estimated 237 units.

Map 3. Town Center Option B.

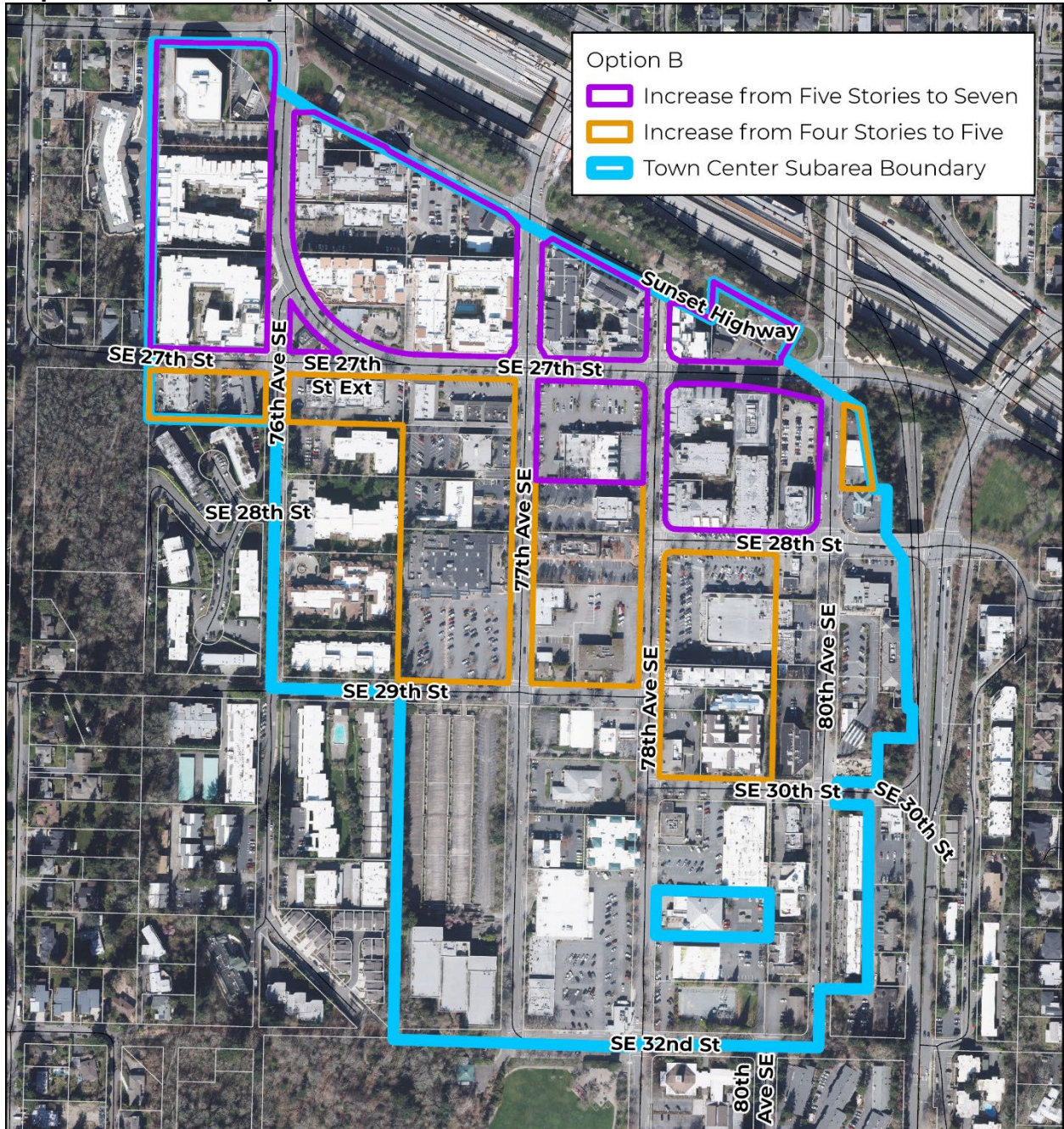


Table 2. Town Center Option B Detailed Capacity Analysis (Additional Height in North Subareas Option).

A	B	C	D	E	F	G	H	I
Subarea	Total Redevelopable Area (Square Feet)	Proposed Stories Allowed	Assumed Building Coverage	Assumed Unit Size	Market Factor	Existing Dwelling Units on Redevelopable Parcels	Net Dwelling Unit Capacity (Proposed)	Existing Capacity
TCMF-3	41,382.00	3	0.75	925	0.135	94	0	0
TCMF-4	0	4	0.75	925	0.135	0	0	0
TC-3	612,889.20	3	0.75	925	0.135	841	383	383
TC-4	337,590.00	5	0.75	925	0.135	896	51	4
TC-4 Plus	75,794.40	7	0.75	925	0.135	233	86	20
TC-5	141,570.00	7	0.75	925	0.135	350	246	122
Total Net Capacity							766	529
Total Capacity Increase (Gross Minus Existing Capacity)							237	

Formulas:

- Net Dwelling Unit Capacity = $(B * (1 - F) * D * (C - 1)) / E - G$
- Total New Capacity = H - I

Option B Benefits

- Affordable housing becomes more feasible in taller structures because the development and land costs are shared by more dwelling units.
- The City will have more options for increasing the required proportion of affordable units. A greater proportion of affordable housing units is expected to be more feasible in a seven-story structure.
- This option focuses the displacement risk that can result from new development in one area of the Town Center rather than throughout the entire area as would be the case under Option A.
- Option B produces a greater increase to development capacity reducing the likelihood that development capacity will be ‘used up’ during the planning period. The more capacity the City zones today, the less it might be required to add during a future planning process such as the 5-year progress report with Commerce and King County.

Option B Drawbacks

- Increased development activity in Town Center could displace some small businesses in the areas where redevelopment occurs. In general, redevelopment is more likely to occur after development capacity is increased.
- Only increasing development capacity in the north of the Town Center is not expected to affect the south of Town Center where there are many older structures. This is a benefit from a displacement perspective, but, on the other hand, the modernization of many commercial structures in the south end might not occur during the planning period.
- The City may need to revisit development capacity in the south end of Town Center in the future if additional development capacity is needed.

Optional Additional Capacity Buffer

The GMA requires the City to submit an implementation progress report to Commerce in 2029, five years after the periodic review is completed ([RCW 36.70A.130](#)). The 5-year implementation progress report will also be reviewed by the King County Growth Management Planning Council (GMPC). The purpose of the GMPC review during the 5-year implementation progress report is stated in the Countywide Planning Policy (CPP) H-29:

[...]The Growth Management Planning Council will identify significant shortfalls in planning for and accommodating housing needs, provide findings that describe the nature of the shortfalls, and make recommendations that jurisdictions take action to address

shortfalls. Jurisdictions with significant shortfalls shall identify and implement actions to address the shortfalls, such as amending the comprehensive plan, land use regulations, or other legislative or administrative actions. [...]

The City can consider adding an additional capacity buffer, increasing the development capacity more than the minimum required, to help demonstrate that it is making progress toward accommodating its housing needs at the GMA-required 5-year implementation progress report. An additional capacity buffer is optional and can be added to either of the Options presented in this report.

Either Option A or B considered above would be implemented by an interim ordinance, establishing temporary regulations for maximum building height requiring the City to eventually establish permanent regulations. A portion of the TC-3 subarea could be considered for a potential redesignation to a subarea with a greater maximum building height when the City adopts permanent height regulations for the Town Center. If the City Council would like to pursue the optional additional capacity buffer, it would direct staff to undertake the work on rezoning a portion of TC-3 in the years following the Comprehensive Plan periodic review.

Optional Additional Capacity Buffer Study Area Summary

To better understand how much capacity could be added by including an additional capacity buffer, staff evaluated a study area of the TC-3 subarea along 80th Ave SE north of SE 30th Street as shown in Map 4. The study area was analyzed to provide some general information about the capacity increase that could be expected if this area were rezoned to a subarea with a greater maximum building height.

Map 4 shows the area of optional capacity buffer study area. The study area is roughly 4.1 acres divided into 11 lots. There are eight developable lots totaling 3.28 acres in the study area. The study area is currently designated TC-3, with a maximum building height of three stories. To evaluate capacity in this study area, three lots in the study area were excluded from the analysis because they are fully developed or have environmental constraints, meaning they are less likely to redevelop in the coming twenty years. This does not mean that these lots cannot develop, only that they are less likely to do so in the near future. Lots were considered fully developed if the existing structures were assessed at a value greater than or equal to half of the assessed land value or because of environmental constraints. Table 3 shows the lots excluded from the capacity analysis.

Table 3. Lots Excluded from the Capacity Analysis.

Parcel Number	Current Use	Reason
5452300380	Gas Station	Environmental Constraints
5452300470	Office	Ratio of improvement to land value is greater than 0.5
5452300540	Office	Ratio of improvement to land value is greater than 0.5

Source: King County Assessor’s Property Data.

Map 4. Town Center Optional Additional Capacity Buffer.



Table 4 shows the capacity analysis for the Optional Additional Capacity Buffer study area. If the study area were rezoned to have a maximum building height of five stories, the estimated development capacity in this area would increase by 201 dwelling units. If this area were rezoned to a maximum building height of seven stories, the estimated development capacity would increase by 401 dwelling units. If this area were rezoned when the City develops its permanent regulations, this additional capacity would help demonstrate the City is making progress toward its Housing Element goals at the 5-year progress report.

Table 4. Town Center Optional Capacity Buffer Detailed Capacity Analysis (Additional Height in North Subareas and TC-3 Option).

A	B	C	D	E	F	G	H
Existing or Proposed	Total Redevelopable Area (Square Feet)	Proposed Stories Allowed	Assumed Building Coverage	Assumed Unit Size	Market Factor	Existing Dwelling Units on Redevelopable Parcels	Net Dwelling Unit Capacity
Existing	142,896	3	0.75	925	0.135	0	200
Proposed 5 Story Alt.	142,896	5	0.75	925	0.135	0	401
Proposed 7 Story Alt.	142,896	7	0.75	925	0.135	0	601
Total Capacity Increase at five stories (Proposed Minus Existing Capacity)							201
Total Capacity Increase at Seven Stories							401

Formulas: Net Dwelling Unit Capacity = $(B * (1 - F) * D * (C - 1)) / E - G$

Table 5 shows the City’s multifamily and mixed-use development capacity, the affordable housing target, and how capacity changes as development occurs. This table is included to illustrate the way the optional additional housing capacity buffer, as proposed, would help the City meet its housing goals and demonstrate it has made progress during the 5-year progress report with Commerce and King County.

Table 5. Mercer Island Multifamily and Mixed-Use Housing Capacity, Affordable Housing Target, and Optional Additional Housing Capacity Buffer.

Option A			
	Multifamily and Mixed-Use Housing Capacity	Affordable Housing Target²	Capacity Surplus or Deficit (Capacity Minus Target)
Starting Balance (Current Conditions)	1,073 ¹	1,216 ²	Deficit -143 Units
Option A (debit)	(+)152 ³	-	
New Balance	1,225	1,216 ²	Surplus +9 Units
Xing Hua Development (credit)	146 Units	15 Units ⁵	
New Balance	1,079	1,201	Deficit -122 Units
Hypothetical Development A (credit)	15 Units ⁴	2 Units ⁵	
New Balance	1,064	1,199	Deficit -135 Units
Hypothetical Development B (credit)	173 Units ⁴	18 Units ⁵	
New Balance (end of Option A)	891	1,181	Deficit -290 Units
Optional Additional Housing Capacity Buffer (debit)	(+)401 ⁶	-	
New Balance (Option A plus Capacity Buffer)	1,292	1,181	Surplus +111 Units
Option B			
	Multifamily and Mixed-Use Housing Capacity	Affordable Housing Target²	Capacity Surplus or Deficit (Capacity Minus Target)
Starting Balance (Current Conditions)	1,073 ¹	1,216 ²	Deficit -143 Units
Option B (debit)	(+)237 ³	-	
New Balance	1,310	1,216 ²	Surplus +94 Units
Xing Hua Development (credit)	146 Units	15 Units ⁵	
New Balance	1,164	1,201	Deficit

			-37 Units
Hypothetical Development A (credit)	15 Units ⁴	2 Units ⁵	
New Balance	1,149	1,199	Deficit -50 Units
Hypothetical Development B (credit)	173 Units ⁴	18 Units ⁵	
New Balance (end of Option B)	976	1,181	Deficit -205 Units
Optional Additional Housing Capacity Buffer (debit)	(+)401 ⁶	-	
New Balance (Option B plus Capacity Buffer)	1,377	1,181	Surplus +196 Units

Notes:

1. The City’s existing multifamily and mixed-use housing capacity was analyzed in the Land Capacity Analysis Supplement provided to the City Council in Agenda Bill 6385, Exhibit 1. Based on the guidance provided by Commerce, affordable housing is presumed to be provided primarily in denser housing so multifamily and mixed-use development capacity must at least equal the affordable housing target for the City to accommodate its affordable housing needs.
2. Housing needs were established in the King County Countywide Planning Policies (CPPs) as amended in 2023.
3. Options A and B would increase development capacity, so both are listed as a capacity debit.
4. Hypothetical developments are those that might occur during the planning period, included here as an example. Each development would ‘use up’ the available capacity, so these units would be a credit subtracted from the capacity total.
5. New developments taller than two stories are required to provide affordable housing units at a rate of 10 percent of all units. Those units must be affordable at 70% of the AMI in three-story structures or 60% of the AMI for four-story structures and taller. The provision of affordable housing units counts here as a credit subtracted from the total affordable housing need.
6. Adding the optional additional housing capacity buffer would increase to the total housing capacity, so it is listed as a capacity debit. The capacity debit used in this table assumes the maximum building height in the buffer area would be increased to seven stories.

Optional Additional Capacity Buffer Benefits

- Increasing development capacity by another 200 to 400 units during the planning period would reduce the likelihood of the City being required to increase development capacity by the state or King County during the 5-year progress report.

- Adding development capacity in the study area could spur new development, resulting in more housing units, including additional affordable housing units.
- More development capacity can help the City further its housing goals and accommodate its housing needs.

Optional Additional Capacity Buffer Drawbacks

- Adding development capacity in the study area shown in Map 4 would increase the likelihood of the area redeveloping, potentially displacing some of the existing businesses in the area.

Affordable Housing Percentage

In addition to allowing buildings to be taller (Options A and B), the City can also require more affordable housing units be constructed in those taller buildings. The Mercer Island City Code (MICC) currently requires any building taller than two stories in the Town Center to include at least ten percent of the dwelling units in that project as affordable housing units (MICC 19.11.040). MICC 19.11.040 includes the following additional affordable housing requirements:

- For a three-story building the required affordable housing units must be affordable at the 70 percent of median income level for rental housing or 90 percent of median income level for ownership housing.
- For four- and five-story buildings, the required affordable housing units must be affordable at the 60 percent of median income level for rental housing or 90 percent of median income level for ownership housing.
- The affordable housing units shall generally be intermingled with all other dwelling units in the development and are not required to be located on the top story or bonus story.
- The tenure (owner- or renter-occupied) of the affordable housing units shall be the same as the tenure of the rest of the dwelling units in the development.

Increasing Affordable Housing Percentage Benefits

- More affordable housing units will be constructed when new development occurs;
- The City can receive more public benefit (affordable housing units) in exchange for the value added by an increase in building height; balancing a grant of additional development rights with a requirement to provide additional public benefit; and
- This action will help the City demonstrate progress toward its housing goals at the 5-year progress report with King County and Commerce.

Increasing Affordable Housing Percentage Drawbacks

- Some new developments could be less feasible if more units are required to be affordable. This could lead to fewer housing units being constructed during the planning period.



**BUSINESS OF THE CITY COUNCIL
CITY OF MERCER ISLAND**

**AB 6542
October 1, 2024
Regular Business**

AGENDA BILL INFORMATION

TITLE:	AB 6542: Financial Status Update for the Second Quarter 2024 and Budget Amending Ordinance	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input checked="" type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Receive the FY 2024 Second Quarter Financial Status Update and adopt Ordinance No. 24-13, amending the 2023-2024 Biennial Budget.	

DEPARTMENT:	Finance
STAFF:	Matt Mornick, Finance Director LaJuan Tuttle, Deputy Finance Director Ben Schumacher, Financial Analyst
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Financial Status Update – Second Quarter FY 2024 2. Ordinance No. 24-13 – 2023-2024 Budget Amendments
CITY COUNCIL PRIORITY:	4. Focus efforts and actions to be an environmentally and fiscally sustainable, connected, and diverse community.

EXECUTIVE SUMMARY

The purpose of this agenda bill is to provide the City Council with a financial status update for the second quarter of fiscal year (FY) 2024.

- All funds are performing as expected through the first half of the fiscal year. Analysis across all funds is provided in the FY 2024 Second Quarter Financial Status Update (Exhibit 1).
- Budget amending Ordinance No. 24-13 (Exhibit 2) outlines changes to the 2023-2024 biennial budget since May 21, 2024 along with staff’s recommendation for the disposition of the remaining American Rescue Plan Act (ARPA) funds.
- Staff also recommends the City Council appropriate \$1,000,000 of unassigned fund Balance from the General Fund to the Municipal Facilities Replacement Reserve, and appropriate \$785,000 from the Municipal Facilities Replacement Reserve for project management, engineering, and schematic design services for the Public Safety and Maintenance (PSM) facility.

As a reminder, FY 2024 is the first year in which the City will use the cash basis accounting method for financial reporting, as defined by the Washington State Auditor’s Office (SAO). The change does not affect total revenues, only the timing of when those revenues are recognized as received, impacting year-over-year comparisons in the financial status update during the 2024 transition year.

ISSUE/DISCUSSION

Impact of Transition to Cash Basis Reporting

Beginning January 1, 2024, the City implemented changes in accounting procedures to align with cash basis reporting as defined by the SAO. In 2024, certain revenues that were previously reported on an accrual basis with each quarterly Financial Status Update have switched to a true cash basis. Staff expects the transition to cash basis reporting to have minor impacts throughout the year and will attempt to highlight the related changes with each quarterly financial update.

Most notable impacts in 2024 involve the timing of receipt for State shared revenues (sales tax, fuel taxes), Real Estate Excise Taxes, and limited external utility taxes. Distributions of these taxes received in January 2024 were accounted for as revenue that was earned and reported in December 2023. These receipts are not being reported again in any 2024 Financial Status Update, which impacts year-to-year comparisons, but not actual revenues received throughout the 2024 transition year.

Financial Status Update Q2 2024

The Financial Status Update (Exhibit 1) includes detailed analysis on the City's revenue and expenditure actuals from January 1 through June 30, 2024. The budget reflected in the update includes budget amendments adopted by ordinance through May 21, 2024 (see [Ordinance No. 24-11](#)).

General Fund revenues ended the quarter at \$19.3 million, which are within budget expectations but below the same period of the prior year due to the change in accounting procedures. General sales tax revenues are consistent with FY 2023 numbers when comparing month-to-month returns due to higher-than-expected production across most business sectors, especially revenues related to the retail sector. Sales tax increases are tied to the lingering effects of inflation and the strength of the regional economy at this point in time.

Interest earnings in the first half of 2024 amount to \$1.1 million, markedly exceeding budget expectations. The Local Government Investment Pool (LGIP) saw a consistent increase in yields throughout 2023 and the higher yields have maintained in the first half of 2024 ending June at 5.43%, which represents a 0.22% increase compared to June 2023.

Expenditures in the General Fund were \$21.38 million at the end of the second quarter, on par with budget expectations as outlined in Figure 1 on the following page. Expenditures are up \$3.7 million from the prior year. "Salaries & Benefits" appear lower than the prior year due to the new partnership with Eastside Fire & Rescue (EFR) and how expenditures for fire service personnel are now recorded as costs relating to the "Other Services & Charges" category instead of salary and benefit costs.

The increase in expenditures over the prior year as outlined in Figure 1 is due to two factors: one-time transition costs for services provided by EFR in "Other Services & Charges" and a \$2.4 million interfund transfer to the Municipal Facility Replacement Fund as outlined in the FY 2023 Year-End Financial Status Update ([AB 6451](#)) in "Interfund Transfers Out."

GENERAL FUND EXPENDITURES (<i>\$ in millions</i>)	FY 2024 AMENDED BUDGET	% of AMENDED BUDGET	FY 2023 QUARTER 2 ACTUALS	FY 2024 QUARTER 2 ACTUALS	YTD as % of AMENDED BUDGET
Salaries & Benefits	26.40	62%	12.18	9.56	36%
Supplies	0.83	2%	0.41	0.31	37%
Contract Services	4.10	10%	1.24	1.07	26%
Other Services & Charges	8.13	19%	3.48	7.66	94%
Interfund Transfers Out	2.90	7%	0.32	2.78	96%
TOTAL EXPENDITURES	\$42.35	100%	\$17.64	\$21.38	50%

Figure 1

The Water, Sewer, and Stormwater Utility Funds are operating within budget expectations. Capital project expenditures in the first half of the year are traditionally low, given much of the capital work occurs in the summer months through the early fall. However, major project work is underway including the Water Meter Replacement Implementation and Water System Improvements, among others.

All other operating and capital funds throughout the City are within budget expectations, and there are no significant variances to either revenues or expenditures unless otherwise stated with the transition in accounting procedure.

Unassigned Fund Balance in the General Fund and PSM Schematic Designs

Staff recommends the City Council appropriate \$1,000,000 of unassigned Fund Balance in the General Fund to the Municipal Facility Replacement Reserve, and appropriate \$785,000 from the Municipal Facility Replacement Reserve for project management, engineering, and schematic design services for a new Public Safety and Maintenance (PSM) facility, as outlined in Ordinance No. 24-13 (Exhibit 2).

The City completed the pre-design phase of the PSM building and is moving into a more intensive and detailed engineering and design phase. The PSM building will house the Mercer Island Police Department, the Public Works department inclusive of maintenance operations, the City’s Emergency Operations Center, and select support programs common to included departments. The final roster of city departments and programs for inclusion shall be identified through the Schematic Design process.

This work includes site design, site structures design, and site remediation design for outdoor areas accommodating City vehicles, equipment and material storage, vehicle and pedestrian circulation, parking areas for staff vehicles, and general and secured parking areas for MIPD vehicles. Site design includes areas surrounding new facilities, areas required for use by city employees and, where publicly accessible, by the public. Renderings of the proposed facility will inform the City Council and community discussions in context and/or key spaces or conditions as requested by the City. These renderings are expected to be delivered Q2 2025.

ARPA Fund Appropriations

In June 2022, the City received \$7.2 million in total American Rescue Plan Act assistance. A total of \$636,673 remains unappropriated. The City is required to encumber ARPA funds by December 2024, and fully expend them no later than December 2026.

Ordinance No. 24-13 authorizes staff to spend the remaining unspent ARPA funds on facility-related projects before the end of this year. This includes funds that were previously authorized by the City Council that

remain unspent as well as the remaining unassigned ARPA funds of \$636,673. Examples of projects not proceeding that were previously approved by the City Council include creation of a Diversity, Equity, and Inclusion Plan, a program evaluation of the Youth and Family Services Program, and parks property acquisition as outlined in the 2022 PROS plan. Changes outlined in Ordinance No. 24-13 position staff to effectively aim to spend down the remaining unspent ARPA funds before the end of the year.

RECOMMENDED ACTION

Adopt Ordinance No. 24-13 amending the 2023-2024 Biennial Budget.

INTRODUCTION

The Financial Status Update provides a budget to actual comparison of revenues and expenditures for the General Fund and all other funds from January through June 2024. This report is comprised of the following four sections:

- General Fund
- Utility Funds
- All Other Funds
- Budget Adjustment Summary

Beginning Fund Balance represents net excess resources from a prior year that have been appropriated to fund budgeted expenditures in fiscal year 2024.

Accounting Procedure Change

As of January 1, 2024, the City updated its accounting procedures to transition from Generally Accepted Accounting Practices (GAAP) full accrual reporting to the cash basis method as defined by the Washington State Auditor's Office (SAO).

The primary impact of this change is the timing of when cash flows are considered revenues or expenditures. Under accrual-based accounting, revenues are recorded in the period earned regardless of when payment is received. An expenditure is recognized when the liability for goods or services is incurred.

Cash basis accounting recognizes revenues when the payment is received. Expenditures are recognized when payment is issued.

As a result, certain revenues previously reported on an accrual basis in quarterly Financial Status Updates have switched to a true cash basis, impacting how financial information is reported in 2024 relative to prior years. Staff will highlight the related changes in each quarterly financial status update.

Most notable impacts in 2024 are State shared revenues (sales tax, fuel taxes), Real Estate Excise Taxes, and limited external utility taxes. Distributions of these revenues received in January 2024 were accounted as revenue earned and reported in December 2023.

These receipts are not being reported again, impacting year-to-year comparisons throughout the 2024-2025 transition years.

OCTOBER 1, 2024

FINANCIAL STATUS UPDATE

JUNE 30, 2024

2024 General Fund

Adopted Revenue Budget
\$36.2 million

Amended Revenue Budget
\$42.3 million

*Revenue Actuals
as of June 30,*
\$19.3 million
(45.8% of amended budget)

Adopted Expenditure Budget
\$36.2 million

Amended Expenditure Budget
\$42.3 million

*Expenditure Actuals
as of June 30,*
\$21.3 million
(50.5% of amended budget)

Contingency Fund Balance
\$4.9 million

GENERAL FUND

Revenues

Overall, General Fund revenues are on track with budget expectations through the first half of the year. The 2024 amended revenue budget is included in the table below along with year-to-date (YTD) actuals, and YTD actuals as a percentage of the amended budget. Prior YTD actuals are presented for comparative purposes.

The budget and actual amounts are for the first six months of the year, January 1 through the end of June. Additional detail regarding primary General Fund revenues and material variances from the original budget is discussed in the narrative below.

GENERAL FUND: Revenues

As of June 30, 2024

Revenue Category	2024 Adopted Budget	2024 Amended Budget	Prior YTD 6/30/2023	YTD 6/30/2024	YTD Revenue as % of Amended Budget
Property Tax	\$ 13,726,032	\$ 13,726,032	\$ 7,435,067	\$ 7,447,460	54.3%
Sales Tax - General	4,847,450	4,847,450	3,062,757	2,521,879	52.0%
Sales Tax - Criminal Justice	752,419	752,419	459,716	370,339	49.2%
Utility Taxes	4,342,112	4,342,112	2,572,595	2,017,782	46.5%
B&O Taxes	706,483	706,483	556,073	609,536	86.3%
Shared Revenues	1,603,017	1,789,417	928,315	431,179	24.1%
Cost Allocation-Overhead	1,105,166	1,105,166	527,928	552,083	50.0%
EMS Revenues	1,850,872	2,064,389	902,656	790,497	38.3%
Parks & Recreation	1,413,501	1,413,501	513,364	688,719	48.7%
License, Permit & Zoning	2,924,101	3,056,101	1,937,356	2,480,818	81.2%
Municipal Court	192,895	192,895	116,832	72,622	37.6%
Miscellaneous Revenue	250,333	250,333	225,409	208,614	83.3%
Interest Earnings	10,828	10,828	1,077,714	1,188,917	10980.0%
Interfund Transfers	0	0	0	0	N/A
Total Revenues	\$ 33,725,209	\$ 34,257,126	\$ 20,315,783	\$ 19,380,444	56.6%
Beginning Fund Balance	2,495,149	8,095,970	0	0	0.0%
Total Resources	\$ 36,220,358	\$ 42,353,096	\$ 20,315,783	\$ 19,380,444	45.8%

Property Tax is at 54.3 percent of the budget at the end of June. This reflects the annual timing of property tax payments to the City which typically occur in April and October.

General Sales Tax is 52.0 percent of the adopted budget through the second quarter. This revenue category is impacted by the change to cash basis reporting. The sales tax distribution received in January 2024 was accrued and reported as revenue in December 2023 and is excluded from FY 2024. Staff anticipate that year-to-year comparisons for this revenue category in 2024 will remain lower than prior years due to the change in accounting practice.

Construction has historically been the largest component of Sales Tax revenue and has outperformed the Retail & Wholesale Trade sector in both 2023 and 2024. Retail & Wholesale trade has begun 2024 performing better than the previous year, while construction has declined but continued to maintain its place as the top performing business sector. The following table compares Sales Tax revenue by business sector from February through June for 2023 and 2024.

2023-2024 General Sales Tax Revenue by Business Sector (\$ in thousands)						
Business Sector	FEB thru JUN 2023	FEB thru JUN 2024	Increase / (Decrease)	% of Total		
				2023	2024	Sector Totals Change
Construction	\$980	\$970	(\$10)	39.6%	38.5%	-1.1%
Retail & Wholesale Trade	\$764	\$782	\$18	30.9%	31.0%	0.1%
All Other Sectors	\$202	\$221	\$19	8.1%	8.8%	0.6%
Admin & Support Services	\$189	\$204	\$15	7.6%	8.1%	0.5%
Food Services	\$115	\$116	\$1	4.7%	4.6%	0.0%
Professional, Scientific & Tech	\$90	\$86	(\$4)	3.6%	3.4%	-0.2%
Finance/Insurance/Real Estate	\$74	\$79	\$5	3.0%	3.1%	0.2%
Telecommunications	\$60	\$62	\$3	2.4%	2.5%	0.1%
Total	\$2,473	\$2,520	\$47	100.0%	100.0%	

*-For the sake of comparison, excludes January for 2023 & 2024 due to the change in accounting procedures.

Criminal Justice Sales Tax is 49.2 percent of the adopted budget at the end of June. This revenue consists of a 0.1 percent sales tax imposed by King County that is shared amongst cities in the county on a per capita (population) basis. It is closely tied to county wide taxable sales numbers. According to King County's Office of Economic and Financial Analysis, taxable sales are down from the prior fiscal year through the second quarter.

Utility Taxes are 46.5 percent of budget at the end of the second quarter due to the change to cash basis reporting and the delay in both monthly and quarterly (e.g., cable and garbage) utility tax remittances. This revenue category is performing with historical trends, however year-to-year comparisons indicate 2024 revenues will remain lower than in prior years due to the change in accounting practice.

Business & Occupation (B&O) Tax is 86.3 percent of budget at the end of the second quarter. Most of the City's registered businesses file an annual B&O tax return where the deadline for remitting annual taxes is April 15th of the following year. This revenue is within expectations when compared to prior year actuals.

Shared Revenues are 24.1 percent of the budget through the end of June. This revenue category is impacted by the change to cash basis reporting. State shared revenues received in January 2024 were accrued and reported as revenue in December 2023 and are excluded from FY 2024. This revenue category is performing with historical trends, however year-to-year comparisons indicate 2024 revenues will remain lower than in prior years due to the change in accounting practice.

Major revenue sources include State shared taxes; hazardous waste grants; the I-90 corridor landscape maintenance revenue from the Washington State Department of Transportation; vessel registration fees received from the state through King County; the marine patrol services contract revenue from multiple contract cities; and financial support for the School Resource Officer received from the Mercer Island

School District. The timing of these revenues is variable with most expected in the fourth quarter of the year.

EMS Revenues are 38.3 percent of budget at the end of June. Revenues in this line are impacted by the change to cash basis reporting. Dollars associated with the King County EMS Levy that have historically been received in April and accrued back to March are now not recognized until the second quarter of the fiscal year. Other revenues in this category align with historical expectations.

Parks and Recreation revenues are 48.7 percent of budget at the end of June. Revenue sources include field rentals, boat launch fees, program fees, and rent payments from the annex building outside the Mercer Island Community and Event Center (MICEC). Recreation program revenues are above prior year totals primarily due to Community Center rentals and the Drop-In Sports program which are up \$160 thousand and \$22 thousand respectively.

License, Permit, and Zoning Fees are 81.2 percent of budget at the end of the second quarter. This revenue category consists of fees related to development services, business licenses, and a cable franchise. Revenues are performing well in part due to higher than expected permit activity. Permit revenues are also trending higher than the previous year due to work on the Riot Games building in Town Center and North Mercer Sewer Upgrades projects that has continued into fiscal year 2024, as well as slightly over \$1.0 million in permit revenues received in relation to the Xing Hue Mixed-Use Development project in Town Center.

Municipal Court revenues are 37.6 percent of budget through the end of June. Revenues in this category are impacted by the transition to cash basis. Total revenues have decreased compared to the prior year due to the volume of case filings declining through the first half of the year, from 581 in 2023 to 480 in 2024. Case filings in the first half of 2024, however, are above those observed in the first half of 2022.

Interest Earnings are budgeted in the General Fund as an estimate of earnings tied to the balance of the reserve for LEOFF-1 long-term care. The City's idle cash resources are invested in the State Treasury Local Government Investment Pool (LGIP). Per current budget policy, interest earnings are distributed to the various funds based on their relative cash balances at the end of each quarter.

Revenues continue to be higher than anticipated in this category for two primary reasons. The first being LGIP yields continuing to increase compared to the prior period, from 5.21 percent in June 2023 to 5.43 percent as of June 2024. The second being the expectation at time of FY 2024 budget adoption that interest earnings would be allocated to the Contingency Fund via necessity to maintain its funding target level. The Contingency Fund had achieved and maintained its funding target at 12.5 percent of budgeted General Fund expenditures, as defined in the Council adopted financial management policies and the majority of interest earnings have stayed in the General Fund as a result.

All other revenues are within expectations through the end of June.

Expenditures

Overall, General Fund expenditures are within budget estimates at the end of the second quarter. The table below lists the 2024 amended expenditure budget, year-to-date actuals, and year-to-date actuals as a percentage of the amended budget. Prior year actuals are presented for comparative purposes.

The budget and actual amounts are for the first half of the year, through the end of June. Additional details of material variances from the adopted budget are discussed in the narrative below.

GENERAL FUND: Expenditures

As of June 30, 2024

General Fund Department	2024 Adopted Budget	2024 Amended Budget	Prior YTD 6/30/2023	YTD 6/30/2024	YTD Expense as % of Amended Budget
Administrative Services	\$ 483,807	\$ 483,807	\$ 299,410	\$ 237,611	49.1%
City Attorney's Office	988,464	988,464	455,724	441,336	44.6%
City Council	55,404	55,404	72,286	29,317	52.9%
City Manager's Office	1,158,166	1,299,166	490,262	674,422	51.9%
Community Planning & Development	3,411,393	3,809,893	1,517,849	1,660,956	43.6%
Finance	1,410,476	1,445,476	538,618	564,704	39.1%
Fire	7,898,317	8,829,737	4,016,935	4,844,187	54.9%
Human Resources	861,493	861,493	411,442	374,314	43.4%
Information & Geographic Services	194,981	194,981	86,577	89,743	46.0%
Municipal Court	549,259	584,249	226,423	197,014	33.7%
Non-Departmental	2,323,526	4,316,454	1,867,141	1,761,080	40.8%
Parks & Recreation	2,217,919	2,217,919	797,149	981,103	44.2%
Police	8,978,307	8,978,307	4,365,084	4,457,476	49.6%
Public Works	5,353,668	5,402,568	2,135,123	2,294,200	42.5%
Total Expenditures	\$ 35,885,180	\$ 39,467,918	\$ 17,280,022	\$ 18,607,463	47.1%
Interfund Transfers	335,178	2,885,178	363,096	2,776,252	96.2%
Total Expenditures + Interfund Transfers	\$ 36,220,358	\$ 42,353,096	\$ 17,643,119	\$ 21,383,715	50.5%

In reviewing expenditures by department, the following are noteworthy:

Fire department expenditures are 54.9 percent of budget at the end of June. This reflects payment of one-time transition costs to represented Fire staff. All other expenditures are within budget.

Municipal Court expenditures are 33.7 percent of budget halfway through the fiscal year. Spending is down from the prior year due to unspent dollars resulting from a grant award near the end of FY 2022 to improve the audio-visual capabilities of the Court ([AB 6139](#)). These dollars are expected to go unspent for the foreseeable future with the closure of City Hall. Staff expect expenditures to remain within budgeted expectations throughout the remainder of the year.

Non-Departmental expenditures ended June at 40.8 percent of budget. The largest line-item expenditure in this department is the annual payment of liability and property insurance that occurs in full in January. Other expenditures in the category are expected to remain within budget throughout the remainder of the year.

All other expenditures are meeting expectations through the end of June.

UTILITY FUNDS

At the end of June, all three Utility funds are within expectations for operating revenues and expenditures.

Revenues

The table below lists the 2024 adopted and amended revenue budget, January through June actuals, and a percentage of budget received. Prior year actuals are presented for comparative purposes. The budget and actual amounts are through the first half of the year. Additional detail regarding major variances is discussed in the narrative following the table.

UTILITY FUNDS: Revenues

As of June 30, 2024

Revenue Category	2024 Adopted Budget	2024 Amended Budget	Prior YTD 6/30/23	YTD 6/30/24	YTD Revenue as % of Amended Budget
Operating Revenues					
Water Utility	\$ 11,695,463	\$ 11,695,463	\$ 4,329,024	\$ 4,528,425	38.7%
Sewer Utility	12,022,731	12,022,731	5,649,362	6,198,490	51.6%
Storm Water Utility	2,716,585	2,716,585	1,295,407	1,330,841	49.0%
Interest Earnings					
Water Utility	87,729	87,729	427,951	405,000	461.6%
Sewer Utility	38,881	38,881	237,748	259,416	667.2%
Storm Water Utility	21,422	21,422	111,234	128,820	601.3%
Proceeds of Debt Issuance					
Water Utility	-	-	-	-	N/A
Sewer Utility	-	-	-	-	N/A
Storm Water Utility	-	-	-	-	N/A
Total Revenues	\$ 26,582,811	\$ 26,582,811	\$ 12,050,726	\$ 12,850,993	48.3%

Water, Sewer, and Storm Water Utility operating revenues are within budget expectations and reflect the seasonality of utility revenues. Adopted rate increases that became effective January 1, 2024, result in dollar increases as compared to fiscal year 2023 revenues over the same period.

Interest earnings for the Water, Sewer, and Storm Water Utility funds have continued to exceed revenue expectations. The Local Government Investment Pool has held a consistent yield throughout the beginning of FY 2024, ranging from 5.45 percent at the beginning of January to 5.43 percent through the end of June.

It should be noted that no debt was issued in 2023 for the Water Utility Fund as originally budgeted. Finance and Public Works staff are continuing to work diligently on the sale of limited tax general obligation (LTGO) bonds to finance and refinance capital improvements to the City's water distribution system. The competitive LTGO bond sale is tentatively scheduled for October 2024.

Expenditures

The table below lists the 2024 adopted and amended expenditure budget by Utility fund and category, January through June actuals, and a percentage of budget spent. Prior year actuals are presented for comparative purposes. The budget and actual amounts are through the first half of the year. Additional details of major variances are discussed following the table.

UTILITY FUNDS: Expenditures

As of June 30, 2024

Category	2024 Adopted Budget	2024 Amended Budget	Prior YTD 6/30/23	YTD 6/30/24	YTD Expense as % of Amended Budget
Operating Expenditures					
Water Utility	\$ 6,884,883	\$ 7,256,382	\$ 2,517,740	\$ 2,410,298	33.2%
Sewer Utility	8,893,670	9,056,097	4,003,148	4,181,963	46.2%
Storm Water Utility	2,276,786	2,445,866	885,613	804,249	32.9%
Capital Projects					
Water Utility	12,272,064	28,759,157	3,603,950	6,453,355	22.4%
Sewer Utility	3,753,377	7,545,231	777,238	782,399	10.4%
Storm Water Utility	1,399,235	1,884,238	134,211	299,223	15.9%
Debt Service					
Water Utility	1,581,973	1,581,973	12,305	15,338	1.0%
Sewer Utility	1,031,829	1,031,829	454,047	455,314	44.1%
Storm Water Utility	-	-	-	-	N/A
Total Expenditures	\$ 38,093,817	\$ 59,560,773	\$ 12,388,251	\$ 15,402,139	26%

Due to the seasonal nature of utility operations, expenditures in the Sewer and Storm Water Utility funds are within expectations at the end of the second quarter. The Water Utility debt service expenditures are much lower than budgeted due to not paying principal and interest on debt that was originally budgeted for 2023. The City is now positioned for an LTGO bond issuance in October 2024. At the halfway point of fiscal year 2024, multiple large capital improvement projects are either in the design phase or in early stages of construction.

The **Water Reservoir Improvements** project will replace the interior coatings of both the City's water reservoirs, repaint the exteriors of both tanks, and install numerous safety improvements such as stairways and hand railings. Council awarded this contract in 2023 ([AB 6211](#)). Construction on this \$7 M investment began in Q4 2023 following material procurement and permitting. Because only one reservoir can be taken out of service at a time due to water system operational constraints, this project will take until Q2 2025 to be completed. During Q2 2024, the coatings on the north reservoir interior and exterior walls were completed. The reservoir was refilled and put back into service in May. Sand blasting and recoating of the roof is in progress through Q3.

The **Meter Replacement Implementation** project replaced approximately 7,900 aging water meters throughout the City as part of the new Advanced Metering Infrastructure (AMI) system. City Council awarded the bid for the installation of this system in July 2022 ([AB 6112](#)). Meter deployment began in

March 2024 and was completed August 2024. Work on data collector station permitting and installation is ongoing, with two stations currently operational, one in the permitting process, and three in the early review stage.

When the AMI system is fully operational, the new meters will send water usage data directly to the City's utility billing system and will allow customers to access information about water use, leak notifications, and alerts via an online portal. Total project costs are estimated at \$6.0 M in the current biennium, and approximately \$1.3 M in the 2025-2026 biennium.

The 2023 Water System Improvements project consists of installing over 6,500 feet of 8-inch ductile iron water mains at six different locations on the northern portion of Mercer Island. Water services and fire hydrants in these areas will also be replaced. The contract was awarded to Kar-Vel Construction in July 2023 ([AB 6300](#)). Construction began in September 2023 with most work completed by June of this year. Project closeout will begin, and final payment will be processed before the end of 2024.

Design work for the **Sewer SCADA System Replacement** was completed in Q3 2022 and a construction contract was awarded in Q4 2022 ([AB 6190](#)). With persistent supply chain delays, construction is scheduled to begin October of this year. During Q1 and Q2 2024, the project team met regularly to finalize construction work plans and approve submittals. The last of the shoreline development permits were approved in June and the contractor submitted electrical permits for each of the 17 sites. City staff also reviewed and provided comments for the 90 percent sewer SCADA screens submitted by SCADA programmer, Brown & Caldwell. Factory acceptance testing of the system control panels and construction start is planned for later this year.

The current **Comprehensive Pipeline Replacement Rehabilitation & Replacement Program** involves relining existing sewer mains using a cured-in-place pipe process in the Sewer Basin 40 area (the Mercerwood neighborhood). The project occurred in two phases. Phase 1 was awarded in December 2022 ([AB 6191](#)) and construction is complete. Phase 2 was awarded in July 2023 ([AB 6295](#)) and construction was completed in Q2 of 2024. The final phases of the project were the most difficult to complete due to steep narrow driveways and backyard manhole locations which provided limited to no vehicle access. The project, which has been underway since September 2023, lined more than 12,000 feet of existing sewer main with cured-in-place pipe and installed 111 service connection seals. As a result of the project, the majority of Sewer Basin 40, which was previously the oldest sewer collection area on the Island, is now the newest with a 50-year design life.

ALL OTHER FUNDS

Revenues

The table below lists the 2024 amended revenue budget, second quarter actuals, and a percentage of budget received. Prior year actuals are presented for comparative purposes. The budget and actual amounts are through the end of June. Additional details of major variances are discussed in the narrative following the table.

ALL OTHER FUNDS: Revenues

As of June 30, 2024

Fund Name	2024 Adopted Budget	2024 Amended Budget	Prior YTD 6/30/2023	YTD 6/30/2024	YTD Revenue as % of Amended Budget
Self Insurance Claim	\$ 10,000	\$ 10,000	\$ -	\$ -	N/A
Street	5,998,008	6,599,129	2,765,881	2,368,358	35.9%
Contingency	151,805	151,805	-	65,712	43.3%
1% for the Arts	25,000	25,000	-	-	0.0%
Youth & Family Services	3,368,606	3,468,606	1,101,566	1,494,473	43.1%
ARPA	-	2,403,517	-	721,567	30.0%
Bond Redemption (Non-Voted)	-	-	1,400	-	N/A
Town Center Parking Facilities	-	-	-	35,489	N/A
Capital Improvement	10,929,288	11,533,178	1,628,854	2,166,479	18.8%
Technology & Equipment	268,000	268,000	140,000	140,000	52.2%
Capital Reserve	-	-	-	2,400,000	N/A
Equipment Rental	1,505,420	1,505,420	694,366	880,750	58.5%
Computer Equipment	1,305,536	1,305,536	635,322	546,554	41.9%
Firefighter's Pension	68,210	68,210	77,655	80,276	117.7%

Street Fund revenues are 35.9 percent of budget at the end of June. The primary revenue sources in the Street Fund for fiscal year 2024 are Real Estate Excise Tax (REET) and expected reimbursements from Sound Transit Mitigation monies. A total of \$1.0 million of Sound Transit Mitigation reimbursements were received by the end of June. Work is underway this year to expend the remaining \$5.1 million resources for traffic safety enhancement projects.

The Street Fund is impacted by the change to cash basis reporting. REET distribution received in January 2024 was accrued and reported as revenue in December 2023 and is excluded from FY 2024. REET is underperforming compared to recent historical trends. Year-over-year comparisons indicate 2024 revenues will remain lower than in prior years also due to the change in accounting practice.

Property sales recorded in February through June of 2024 were down 18 sales when compared to the same period in 2023. The property sales recorded for both 2023 and 2024 are well below the 10-year historical average. It is worth noting the average property sale price has been increasing in FY 2024 when compared to 2023, which bridges a portion of the difference in total REET revenues between the two years despite the continuing decline in the volume of property sales.

Revenues in the **Contingency Fund** are made up of interest earnings. The Contingency Fund achieved its desired cash balance, dictated by the City's financial management policies, of at least 12.5 percent of the General Fund expenditures budget at the end of fiscal year 2023, but will require additional allocations in the latter half of 2024 to meet its funding target.

Youth & Family Services revenues ended June at 43.1 percent of the amended budget due to delayed grant reimbursements from the Federal SPF and Stop grants. Thrift shop revenues are up \$89.9 thousand in fiscal year 2024 relative to the same period of the prior year. Other revenues are within budget expectations through the second quarter.

Capital Improvement Fund revenues are 18.8 percent of budget at the end of the second quarter. Similar to the Street Fund, REET is a primary revenue source in the Capital Improvement Fund. Staff will continue to monitor factors relating to REET to better inform the revenue forecast coming in the fall of this year as part of the biennial budget process.

In addition, the budget for revenues in 2024 includes \$3.4 million in State Grant funding of which 4.1 percent has been collected to date.

Firefighter's Pension Fund revenues are 117.7 percent of budget at the end of June. Investment interest earnings are up \$2.4 thousand when compared to 2023. This increase in interest earnings comes as local government investment pool yields held consistently high through the first six months of the fiscal year.

All other revenues are within expected norms through the end of June.

Expenditures

The table below lists the 2024 amended expenditures budget by fund, end of June actuals, and a percentage of budget spent. Prior year actuals are presented for comparative purposes. The budget and actual amounts are through the end of the second quarter. Additional details of major variances are discussed in the narrative following the table.

ALL OTHER FUNDS: Expenditures
As of June 30, 2024

Fund Name	2024 Adopted Budget	2024 Amended Budget	Prior YTD 6/30/2023	YTD 6/30/2024	YTD Expense as % of Amended Budget
Self Insurance Claim	\$ 10,000	\$ 10,000	\$ -	\$ -	N/A
Street	9,658,917	12,658,086	1,775,885	1,170,676	9.2%
1% for the Arts	15,000	45,060	5,181	1,525	3.4%
Youth & Family Services	3,368,606	3,511,053	1,650,329	1,675,542	47.7%
ARPA	2,807,243	5,679,018	111,246	721,567	12.7%
Bond Redemption (Non-Voted)	-	-	1,400	-	N/A
Town Center Parking Facilities	-	-	1,597	-	N/A
Capital Improvement	11,121,741	18,935,101	720,297	2,595,167	13.7%
Technology & Equipment	145,250	745,650	367,010	189,445	25.4%
Equipment Rental	1,377,116	2,200,428	510,767	1,078,204	49.0%
Computer Equipment	1,316,488	1,316,488	646,059	818,235	62.2%
Firefighter's Pension	103,000	130,267	41,629	65,095	50.0%

Street Fund: Total expenditures are 9.2 percent of budget at the end of June. Operating expenditures are within budget expectations. This level of expenditure for the capital projects in the Street fund are commonplace given many capital projects begin in the spring and summer and are currently underway, resulting in notable expenditures in the latter half of 2024. Capital project updates include the following:

The **80th Avenue Sidewalk Improvements** will consist of replacing sidewalks along the east side of 80th Avenue from SE 27th Street to SE 32nd Street. Much of the sidewalk removal is the result of street tree roots raising sidewalk panels. Many of the trees will be replaced or removed based on declining health and impact on sidewalks. New trees will be planted utilizing planting cells underneath the new sidewalks. In addition, street lighting will be replaced on both sides of 80th Avenue and a small area of sidewalk in the 3000 block of 78th Avenue will be rebuilt. The project was awarded to Always Active Services ([AB 6513](#)). Construction has begun in Q3 of 2024 with an expected completion in Q1 of 2025.

ARPA Fund: Total expenditures are 12.7 percent of budget at the end of the second quarter. These expenditures consist of projects that qualify for ARPA funding. The largest expenditure lines for 2024 are related to the modular buildings currently serving as the base of operations for the City’s Police Department and two interfund transfers tied to the YFS Fund and Capital Improvement projects. No interfund transfers from this fund have been made through June. Staff is recommending the disposition of remaining unspent ARPA funds as part of Ordinance No. 24-13 (Exhibit 2) before the end of this year.

Capital Improvement Fund expenditures ended June at 13.7 percent of budget. This level of expenditure for capital projects is commonplace given many capital projects begin in spring or summer and are currently underway, resulting in notable expenditures in the latter half of 2024.

Project updates include the **Luther Burbank Boiler Building Improvements Phase 1** project, which was advertised for bids in October 2023 with bid award in January 2024 ([AB 6380](#)). This project will reinforce the building's structure against earthquake damage and install a new roof. It will also renovate the restroom annex. Construction began in Q1 2024. At the end of Q2, about half of the structural reinforcements are complete, masonry restoration was complete, and plumbing and electrical improvements are underway. Issues with the building's sewer and electrical service have resulted in scope changes and a new electrical service will be installed before the end of the year. Remaining project scope has been completed in Q3 2024 and a new sewer vault is expected to be installed in the waterfront plaza in Q4 2025.

Technology & Equipment Fund: Total expenditures are 25.4 percent of budget at the end of June. This is a result of a handful of technology projects not expected to have budget spent in FY 2024 due to the closure of City Hall. An example of one such project is the Municipal Court Technology improvements (GT0115). Projects with notable expenditures through the first half of the year include Fire self-contained breathing apparatus, the new financial software implementation, and the Mercer Island Community Center Technology & Equipment Replacement Program.

Equipment Rental Fund expenditures ended June at 49.0 percent of budget. Expenditures in this fund consist of Honeywell Site Remediation costs and fleet services, including replacements. Funds that were previously encumbered for fleet replacements have been expended as new vehicles have arrived, albeit later than anticipated due to supply-chain delays. New vehicles and equipment prices are 15-70% higher than anticipated and staff will seek to incorporate this information during the 2025-2026 biennial budget process for replacements going forward.

All other variances meet budget expectations through the end of June.

Two summary listings of the originally adopted 2023-2024 Budget (expenditures only), broken down by year, and amendments adopted by Ordinance through May 21, 2024 are presented below.

Fund Type / Fund Name	Original 2023 Budget	2023 Budget Adjustments					Amended 2023 Budget	
		Administrative Biennial Corrections	ORD 23-05 22 to 23 Carry forward	ORD 23-06 Q1 FSU	ORD 23-12 Q2 FSU	ORD 23-20 Q3 FSU		
General Purpose Funds:								
General	34,796,307	(602,407)	440,209	676,090	159,525	1,109,176	36,578,900	
Self-Insurance	10,000						10,000	
Youth Services Endowment	-						-	
Special Revenue Funds:								
Street*	5,136,091	(2,343,048)	1,505,480		250,000		4,548,523	
Contingency	-				217,725		217,725	
1% for the Arts	15,000	(10,060)			50,000		54,940	
Youth & Family Services	3,325,282		64,863				3,390,145	
ARPA Funds	1,983,672	(1,025,885)	857,218		291,000	(765,000)	1,341,005	
Debt Service Funds:								
Bond Redemption (Voted)	-						-	
Bond Redemption (Non-Voted)	142,800						142,800	
Capital Projects Funds:								
Town Center Parking Facilities*	-						-	
Capital Improvement*	10,664,404	(7,026,909)	571,905			(760,000)	3,449,400	
Technology & Equipment*	495,186	(600,400)	708,140				602,926	
Capital Reserve*	-						-	
Enterprise Funds:								
Water*	22,052,286	(15,765,232)	9,168,243	1,245,279			16,700,576	
Sewer*	14,120,007	(4,134,689)	809,688	1,533,625			12,328,631	
Stormwater*	3,192,949	(650,003)	168,366				2,711,312	
Internal Service Funds:								
Equipment Rental*	1,610,914	(823,312)	596,861		145,750		1,530,213	
Computer Equipment*	1,155,078						1,155,078	
Trust Funds:								
Firefighter's Pension	100,000	11,833					111,833	
Total	98,799,975	(32,970,112)	14,890,973	3,454,994	1,114,000	(415,824)	-	84,874,006

* Capital Improvement Program (CIP) projects are accounted for in these funds.

Fund Type / Fund Name	Original 2024 Budget	2024 Budget Adjustments							Amended 2024 Budget
		Administrative Biennial Corrections	ORD 23-06 Q1 FSU	ORD 23-12 Q2 FSU	ORD 23-20 Q3 FSU	ORD 24-04 Q4 FSU	ORD 24-11 Q1 FSU		
General Purpose Funds:									
General	36,220,358	602,407	1,587,500	132,000	1,035,831	75,000	2,700,000		42,353,096
Self-Insurance	10,000								10,000
Youth Services Endowment	-								-
Special Revenue Funds:									
Street*	9,658,917	2,343,048		55,000			601,121		12,658,086
Contingency	-								-
1% for the Arts	15,000	10,060					20,000		45,060
Youth & Family Services	3,368,606				142,447				3,511,053
ARPA Funds	1,259,017	1,025,885		594,500	550,000		701,390		4,130,792
Debt Service Funds:									
Bond Redemption (Voted)	-								-
Bond Redemption (Non-Voted)	-								-
Capital Projects Funds:									
Town Center Parking Facilities*	-								-
Capital Improvement*	11,121,741	7,026,909			180,000	152,561	453,890		18,935,101
Technology & Equipment*	145,250	600,400							745,650
Capital Reserve*	-								-
Enterprise Funds:									
Water*	20,738,920	15,765,232				1,075,000	18,360		37,597,512
Sewer*	13,678,876	4,134,689					18,360		17,831,925
Stormwater*	3,676,021	650,003					4,080		4,330,104
Internal Service Funds:									
Equipment Rental*	1,377,116	823,312							2,200,428
Computer Equipment*	1,316,488								1,316,488
Trust Funds:									
Firefighter's Pension	103,000	(11,833)					39,100		130,267
Total	102,689,310	32,970,112	1,587,500	781,500	1,908,278	1,302,561	4,556,301	-	145,795,562

* Capital Improvement Program (CIP) projects are accounted for in these funds.

**CITY OF MERCER ISLAND
ORDINANCE NO. 24-13**

AN ORDINANCE OF THE CITY OF MERCER ISLAND, WASHINGTON, INCORPORATING CERTAIN BUDGET REVISIONS TO THE 2023-2024 BIENNIAL BUDGET AND AMENDING ORDINANCE NO 22-23, 23-05, 23-06, 23-12, 23-20, 24-04 AND 24-11

(BUDGET AMENDMENT NO. 7)

WHEREAS, the City Council adopted the 2023-2024 Budget by Ordinance No. 22-23 on December 6, 2022, representing the total for the biennium of estimated resources and expenditures for each of the separate funds of the City; and

WHEREAS, budget adjustments are needed that have been previously approved by the City Council, as noted in the following table;

Fund	Department	Description	Agenda Bill	Budget Year	Expenditure Adjustment	Revenue Adj / Funding Source
ARPA	Non-Departmental	Hybrid meeting improvements to MICEC room 104	AB 6516	2024	\$ 99,565	ARPA Funds
	Public Works	Transfer to CIP - Luther Burbank sport court renovations	AB 6533	2024	\$ 264,912	
	Public Works	Public Works building seismic repairs	AB 6517	2024	\$ 987,000	
	Public Works	Reduce budget for projects that are not moving forward in 2024.	AB 6517	2024	\$ (713,804)	
Capital Improvement	Public Works	Aubrey Davis Park Trail Improvements	AB 6482	2024	\$ 23,353	Dept. of Commerce Grant
	Public Works	Luther Burbank sport court renovations	AB 6533	2024	\$ 264,912	Transfer from ARPA
Sewer	Public Works	Sewer pump station generators	AB 6504	2024	\$ 698,650	Unappropriated fund balance

WHEREAS, budget adjustments are needed that have not been previously approved by the City Council, as noted in the following table;

Fund	Department	Description	Budget Year	Amount	Funding Source
General	Non-Departmental	Transfer to Facility Replacement Reserve Fund	2024	\$1,000,000	Unappropriated fund balance
Facility Replacement Reserve	City Manager	Design services Public Works and Operations building	2024	\$ 785,000	Unappropriated fund balance

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Amending the 2023-2024 Budget

The 2023-2024 Budget for the City of Mercer Island, as adopted in Ordinance No. 22-23 and amended by Ordinances 23-05, 23-06, 23-12, 23-20, 24-04 and 24-11 is hereby amended to incorporate increases in resources and expenditures in the following funds for the 2023-2024 biennium:

Fund	Fund Name	Resources	Expenditures
001	General Fund	\$ 1,000,000	\$ 1,000,000
170	ARPA Fund	\$ 637,673	\$ 637,673
343	Capital Improvement	\$ 288,265	\$ 288,265
350	Facility Replacement Reserve	\$ 785,000	\$ 785,000
426	Sewer Fund	\$ 698,650	\$ 698,650
Total		\$ 3,409,588	\$ 3,409,588

Section 2. Amending Previously Adopted Budget Ordinances

City Ordinance 22-23, 23-05, 23-06, 23-12, 23-20, 24-04 and 24-11, as previously adopted and as hereby amended, is hereby ratified, confirmed, and continued in full force and effect.

Section 3. Effective Date

This Ordinance shall take effect and be in force 5 days after passage and publication.

ADOPTED BY THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON, AT ITS MEETING ON THE 1st DAY OF OCTOBER 2024.

CITY OF MERCER ISLAND

Salim Nice, Mayor

ATTEST:

Andrea Larson, City Clerk

APPROVED AS TO FORM:

Bio Park, City Attorney

Date of Publication: _____



**BUSINESS OF THE CITY COUNCIL
CITY OF MERCER ISLAND**

**AB 6550
October 1, 2024
Regular Business**

AGENDA BILL INFORMATION

TITLE:	AB 6550: Introduction to the Preliminary 2025-2026 Biennial Budget and Overview of the 2025-2030 Capital Improvement Program (CIP)	<input checked="" type="checkbox"/> Discussion Only <input type="checkbox"/> Action Needed: <input type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Receive report and provide initial feedback and questions on the proposed 2025-2030 CIP to inform final development of the biennial budget document.	

DEPARTMENT:	Finance and Public Works
STAFF:	Matthew Mornick, Finance Director Jason Kintner, Chief of Operations
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Preliminary 2025-2026 Biennial Budget at www.mercerisland.gov/budget .
CITY COUNCIL PRIORITY:	1. Develop data-driven economic development and retail plans and strategies to activate Town Center and other business areas.

EXECUTIVE SUMMARY

The purpose of this agenda bill is to transmit to the City Council the 2025-2026 Preliminary Biennial Budget (“Preliminary Budget”) and begin the budget review process, which is anticipated to conclude with adoption of the 2025-2026 Biennial Budget on December 3.

- Per Washington State law, the City Manager is required to deliver a balanced Preliminary Budget to the City Council for review and approval. The City Council received the 2025-2026 Preliminary Budget (Exhibit 1) on September 25, 2024. A copy was filed with the City Clerk.
- The 2025-2026 Preliminary Budget is balanced, maintains current service levels, and presents a capital financing strategy to maintain, rehabilitate, and replace critical City infrastructure. Across all Funds, the total proposed expenditure budget is \$106.6 million in 2025 and \$112.7 million in 2026.
- Four budget workshops are scheduled this fall.
 - At the October 1 City Council meeting, staff will introduce key themes of the Preliminary Budget and review the schedule to work through different sections of the Budget, beginning with Section E – the 2025-2030 Capital Improvement Program (CIP).
 - Staff will return on October 15 to present the Revenue Forecast, the Operating Budget in detail, and recommendations for Council’s consideration to invest the remaining unassigned fund balance in the General Fund.
 - If needed, an additional budget workshop will be scheduled November 4.
 - At the November 19 meeting, Council will review changes incorporated into Preliminary Budget, adopt 2025 rates for Regional Police Dispatch Services, and adopt 2025 Property Tax levies.
- Expenditures in the proposed CIP amount to \$34 million in 2025 and \$36.6 million in 2026.

- Staff is seeking initial questions and comments on the proposed 2025-2030 CIP to inform final development of the biennial budget document.

The public is encouraged to provide feedback on the Preliminary Budget and Capital Improvement Program at two scheduled Public Hearings on [October 15 and November 19](#). Public comment is also invited at all City Council meetings.

BACKGROUND

Per Washington State law, the City Manager is required to deliver a balanced preliminary biennial budget to the City Council for review and approval. The City Council received the 2025-2026 Preliminary Biennial Budget (Exhibit 1) on September 25, 2024, and a copy was filed with the City Clerk. The Preliminary Budget is both a spending plan for the City's available financial resources and the legal authority for departments to spend these resources for public programs and services, along with capital investments to maintain and improve community infrastructure.

Biennial Budget Workshops

The October 1 City Council meeting kicks-off the budget review and adoption process. The budget workshops over the next two months are intended to be interactive. Staff seeks to address City Council questions while looking for consensus on key policy decisions and priorities for the upcoming biennium. Department Directors and other staff will attend and participate in the discussions.

By design, the Preliminary Budget – which includes the six-year Capital Improvement Program (CIP) – aligns with the City's [Financial Management Policies](#) and the City Council's 2025-2026 priorities, which include:

1. Develop data-driven economic development and retail plans and strategies to activate Town Center and other business areas.
2. Sustain and enhance our natural environment, especially parks and open spaces, to benefit this generation and others that follow.
3. Make once-in-a-generation investments to update and modernize aging infrastructure, capital facilities, and parks.
4. Focus efforts and actions to be an environmentally and fiscally sustainable, connected, and diverse community.

Capital Improvement Program

The CIP outlines the City's strategic financial plan to acquire, expand, or rehabilitate public infrastructure. Work to build the six-year CIP begins every other spring, culminating with the adoption of the biennial budget. Capital projects fall into eight categories based on the different kinds of public assets the City owns and operates:

1. Public Buildings
2. Government Technology
3. General Equipment
4. Parks, Recreation, and Open Space
5. Streets, Pedestrian, and Bicycle Facilities
6. Sewer Utility
7. Storm Water Utility
8. Water Utility

Capital projects are further classified as part of the Capital Reinvestment Plan (CRP) or the Capital Facilities Plan (CFP). The CRP includes all maintenance projects that preserve the City’s existing infrastructure. The CFP consists of newly proposed capital assets. To maintain and improve existing assets before acquiring new assets, CRP projects take priority over CFP projects in the 2025-2026 biennium.

Over the next two years, the CIP primarily includes CRP reinvestment projects – \$68.2 million (97%) to maintain the City’s existing infrastructure. CFP projects make up \$2.4 million (3%) over the same period.

The Water System Plan, the General Sewer Plan, and the Comprehensive Basin Plan are the guiding planning documents used to develop and propose utility capital projects. The adopted 2022 Parks, Recreation and Open Space (PROS) Plan and the adopted 2024 Transportation Improvement Plan (TIP) are the guiding planning documents used in developing park, street, bicycle, and pedestrian projects in the proposed CIP.

In addition, staff utilizes information from the City’s asset management system, water system hydraulic modeling, video inspections of sewer and drainage pipes, periodic assessment of changing conditions in storm basins/ravines, maintenance history (e.g., main and pipe breaks), and other information from field operations staff to aid in capital project identification and development.

CIP Resources

The information below provides a broad overview of the various funds and revenues that support the CIP. Because of the diverse nature of governmental operations and the legal and fiscal constraints under which public services are provided, the City’s finances are accounted through separate funds. Funds are categorized by type to indicate both the revenue sources and nature of activities financed. The City can then illustrate how money is spent and how these expenditures tie directly to funds.

Fund accounting distinguishes between funds that can be spent for any purposes by the organization, versus funds that have a restricted use. Reasons for restrictions include legal requirements, where funds can only be lawfully used for a specific purpose, a restriction imposed by the State, or by the City’s financial management policies. Table 1 illustrates the funds that support the 2025-2030 CIP:

Funds	Revenue Sources
General Fund	Property tax, general government revenues.
Capital Improvement Fund	REET, grants, park levy funds, property tax.
Street Fund	REET, fuel taxes, vehicle license fees, state funds.
Technology & Equipment Fund	General funds, utility funds, sinking funds.
Water Fund	Water rates, connection charges, earned interest.
Sewer Fund	Sewer rates, connection charges, earned interest.
Stormwater Fund	Stormwater rates, earned interest.

Table 1

Funding for the 2025-2030 CIP relies on existing fund balances and projected revenues from utility rates, Real Estate Excise Tax (REET), and Fuel Taxes (State shared revenues), among others. The General Fund is the sole source for capital investments for technology and equipment.

Most revenues for capital projects come with restrictions. For example, utility rates may only be used for projects of the respective utility; fuel taxes may only be used for street and trail projects; and REET is reserved for capital projects to help develop parks, open space, facilities, utilities, and transportation infrastructure.

Historically, the City's capital financing strategy has been to pay for maintenance and infrastructure needs on a "pay as you go" basis. This approach works well during periods with standard operations and typical levels of reinvestment. When large portions of the City's infrastructure need to be simultaneously replaced, additional funding from outside sources is required.

Over \$6 million in grants have either been applied for or secured to support Parks, Recreation, and Open Space capital projects over the next two years. These resources are critical and will lead to the completion of major park improvements along the Island's trails, open space, and waterfront. Staff will continue to pursue regional, state, and federal grant and low-interest loan opportunities to support the capital work ahead.

For capital projects that cost more than \$2.5 M and have a useful life greater than 20 years, staff pursue debt financing to spread costs incurred in a relatively short period over the useful life of the updated infrastructure and create generational equity, whereby generations of community members who benefit from these investments help pay down the associated costs.

In October 2024, staff will issue limited tax general obligation and refunding Bonds to finance and refinance up to \$29 million in capital improvements to the City's water distribution system.

A revenue source tied into the capital program is REET, the 0.5% tax paid by the seller in property transactions. State law restricts the use of REET for specific capital purposes. REET-1 – the 1st quarter of 1% of the sales price – may be used for streets, parks, utilities, or facilities. The 2nd quarter of 1% of the sales price known as REET-2 may be used for streets, parks, or utilities, but not for facilities. Neither REET-1 nor REET-2 may be used for vehicles, equipment, or technology.

REET is the largest revenue source for projects in the Street and Capital Improvement Funds. REET revenue can significantly vary year-to-year as its base (property sales) is highly dependent on economic conditions and interest rates.

ISSUE/DISCUSSION

The City is well into the early stages of a historical level of reinvestment in the Island's infrastructure. In the proposed CIP, nearly 30 staff members from seven different City departments would oversee a 106 actively funded capital projects in the upcoming biennium, amounting to \$34 million in 2025 and \$36.6 million in 2026. From 2027 and beyond, the City is proposing 56 additional capital projects that amounts to \$163.1 million. In sum, 162 capital projects proposed in the 2025-2030 CIP amount to \$233.7 million in escalated capital spending.

Emphasis over the next two years is to complete critical upgrades to the water distribution system, modernize the City's aging public buildings, and see through substantial improvements to the Island's parks, open spaces, and transportation network. Inherent in this work is the goal to clearly lay out future facility needs and identify fiscally prudent ways in the near- and long-term to meet them. This work will continue through the biennium.

Section E of the Preliminary Budget identifies the capital projects intended to be funded and completed in 2025 and 2026. Projects proposed between 2027 and 2030 are included for planning purposes.

Staff is providing this high-level overview to gather initial questions and comments from the City Council to inform final development of the biennial budget document.

Due to the high quantity of proposed projects, which span multiple disciplines, staff will provide an overview of key focus areas of the 2025-2026 CIP, with a look out to major capital projects anticipated through 2030. A few of the major projects are highlighted below, with the full list of proposed CIP projects included in the Individual Project Sheets, beginning on page E-9 of Exhibit 1.

2025-2026 CIP HIGHLIGHTS

Parks, Recreation, and Open Space

Luther Burbank Park

Luther Burbank Park's docks and waterfront are undergoing comprehensive improvements to better serve the Mercer Island community. Work is underway to replace and renovate the piers, add shoreline access, renovate the plaza and restroom, as well as install a new viewing platform and outdoor classroom on the roof of the restroom annex adjacent to the Boiler Building. Dock and waterfront improvements are on track to be completed June 2026

Playgrounds

The 2025-2026 Playground Replacement program is focused on replacing aging playground equipment and enhancing accessibility at four parks: First Hill, Roanoke, Deane's Children's Park, and Aubrey Davis Lid A. These improvements are funded via the 2022 Parks Levy.

- **First Hill Park:** The playground, installed in 2007, is slated for lifecycle replacement under the 2022 Parks Levy. In 2024, the City partnered with the Berger Partnership to start the project, engaging the community in the design process and selecting new play equipment. The project is currently at 30% design and expected to be constructed by Spring 2025.
- **Roanoke Park:** Community engagement, design, and permitting will be completed by the end of 2024, with construction set to begin in early 2025. The play equipment has already been delivered to the City and is scheduled for installation in Spring 2025, aligning with the timeline for First Hill Park
- **Deane's Children's Park:** The play area will see comprehensive improvements, including replacing most playground equipment, addressing accessibility, and renovating the restroom and picnic shelter. The project will also integrate the Bike Skills Area (BSA). The scope of this project will be confirmed through a community engagement process in early 2025, followed by a phasing and implementation plan to be confirmed by the City Council. Anticipated construction for the various phases will be part of this planning work. Many community partners have already committed to support this project through fundraising and in-kind contributions.
- **Aubrey Davis Lid A:** The playground, installed in 2011, is scheduled for replacement. Community engagement and conceptual design are planned for 2026, with construction expected in 2027.

Pioneer Park and Engstrom Open Space

Staff will expand forest restoration efforts in all public open spaces, with an emphasis on Pioneer Park and Engstrom Open Space. In Pioneer Park and Engstrom over the next biennium, more than a dozen acres of forest will be enrolled in a three-year comprehensive weed removal program. The first year of comprehensive weed removal requires an intensive first pass to remove 70% of all ivy, blackberry, holly and any other invasive weeds from the forest. Years two and three include fine-detailed removal of all remaining invasive weeds to limit reestablishment.

Removing invasive weeds from the park is vital for the forest's long-term viability, as it will allow the understory to flourish and create conditions for natural tree regeneration. Additionally, staff anticipates planting 1,000 native trees and shrubs in Pioneer Park and Engstrom over the next two years and repairing the parks' trail system to improve safety and accessibility.

These restoration benchmarks align with the 2022 Parks Levy and Climate Action Plan goals to move forested open spaces into a more sustainable “monitoring and maintenance” phase of restoration.

Water Utility

Making once-in-a-generation investments to update and modernize City’s water distribution system is a critical priority. Over the next two years, investments to rehabilitate and replace aging system components will significantly increase relative to prior years. Pressure reducing valve (PRV) station improvements is an ongoing program to systematically replace PRV stations throughout the Island. Most stations are below the City’s current operational standards.

With 85 PRV stations in the City's water distribution system, staff is prioritizing design and replacement of the most critical stations first in groups of two to five. With routine maintenance, the life span of a new PRV station is typically 50 to 60 years. The initial phase of the project is underway, and the project will continue through the CIP’s 2025-2030 planning period. Work is typically staggered over two years, with design in the first year followed by construction in year two.

Included as a new ongoing program during the last biennium, asbestos cement (AC) main replacements focus on the systematic replacement of approximately five miles of antiquated AC water mains with ductile iron water mains. The replacement program reduces the potential for catastrophic system failure, unexpected service disruptions, and large damage claims to the City. Staggered capital reinvestment for aging water mains is being accelerated as AC water main ruptures have increased relative to prior years.

This summer Mercer Island's water system received water from a backup transmission line for 120 days while emergency work was completed to repair a leak in the 24” Seattle Public Utilities main transmission pipe. While water service was restored following emergency repairs, staff recommend further consideration and discussion to improve the City's water system resilience.

Long-Term Water Infrastructure Response and Alternatives (AB 6530) - also being presented at the October 1 City Council meeting - lays out a project proposal in the 2025-2030 Capital Improvement program to design, construct, and take ownership of a new 24-inch water transmission line.

Sewer Utility

Pump Station Rehabilitation Project

Similar to the water distribution system, critical components of the sewer conveyance system are reaching the end of their useful life and require notable reinvestment over the next biennium. A major project proposed in 2025-2026 entails rehabilitating the sewer system’s pump stations. This work ties to the PS-5 goal outlined in the General Sewer Plan, with the aim to rehabilitate one pump station every biennium.

A 2015 condition assessment conducted by City staff identified pump stations 19 to 23 as the most vulnerable, exhibiting the highest risk of failure and the shortest life expectancy. Building on this assessment, RH2 Engineering completed a comprehensive report in January 2024, which ranked and prioritized necessary improvements for these stations.

Among the five stations identified, pump station 20 was determined to be the most in need of rehabilitation, the design of which is currently underway. The proposed enhancements are aimed at significantly extending the station's service life by an additional 50 years. Planned upgrades include a broad range of mechanical, structural, and electrical improvements, such as:

- Replacement of all pumps, piping, and valves
- Upgrades to interior grating, lighting, and ventilation systems
- Installation of station odor control measures
- Rehabilitation of concrete and interior coatings
- Modernization of electrical equipment panels
- Various site improvements to enhance safety and functionality

Other associated project costs include permitting for development within the shoreline, public outreach, and temporary bypass pumping to maintain existing sewer collection flows during construction.

This project represents a proactive approach to maintaining critical infrastructure, ensuring reliable operation and safety for the community.

NEXT STEPS

The Preliminary Budget development schedule is summarized below.

Date	Topic
October 1	Budget Overview Capital Improvement Program Overview <ul style="list-style-type: none"> ○ Major Highlights ○ Key Policy Decisions
October 15 <i>Public hearing*</i>	Revenue Forecast Operating Budget Review Receive Direction on Budget Proposals
November 4	Additional Budget Workshop, as needed
November 19 <i>Public hearing*</i>	Review changes incorporated into Preliminary Budget Adopt 2025 rates for Regional Police Dispatch Services Adopt 2025 Property Tax Levies
December 3	Adopt 2025 Master Fee Schedule and Final 2025-2026 Biennial Budget

Community Outreach and Public Hearings

The public is encouraged to provide feedback on the Preliminary Budget and Capital Improvement Program at two scheduled Public Hearings on [October 15 and November 19](#). Public comment is also invited at all City Council meetings.

RECOMMENDED ACTION

Receive the 2025-2026 Preliminary Biennial Budget available at www.mercerisland.gov/budget.

No additional action required.



**BUSINESS OF THE CITY COUNCIL
CITY OF MERCER ISLAND**

**AB 6530
October 1, 2024
Regular Business**

AGENDA BILL INFORMATION

TITLE:	AB 6530: Long-Term Water Infrastructure Response and Alternatives	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Include the design and construction of a new 24-inch transmission line in the 2025-2030 Capital Improvement Plan and commence next steps including coordination with SPU on contract amendments and to identify long-term solutions to serve the Shorewood Apartments. Develop a project funding plan and prepare a capital funding request for the Washington State Legislature.	

DEPARTMENT:	Public Works
STAFF:	Jason Kintner, Public Works Chief of Operations Patrick Yamashita, City Engineer/Deputy Public Works Director Kellye Hilde, Deputy Public Works Director
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Transmission Line Map
CITY COUNCIL PRIORITY:	3. Make once-in-a-generation investments to update and modernize aging infrastructure, capital facilities, and parks.

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUIRED	\$ n/a

EXECUTIVE SUMMARY

The purpose of this agenda bill is to present recommended actions to improve resiliency of the permanent water transmission line from Seattle Public Utilities (SPU) through replacement of 3,500 feet of concrete cylinder pipe with 4,800 feet of earthquake resistant ductile iron pipe in a new alignment.

- On April 3, 2024, a leak from SPU’s 24-inch diameter water transmission line was discovered. The City Manager issued [Proclamation No. 327](#) Declaring a Local Emergency due to the reduction in the supply of incoming potable water to Mercer Island.
- The City Council ratified this Proclamation on May 7 ([AB 6466](#)). On May 1, the City Manager declared a second local emergency with [Proclamation No. 329](#) due to the reduction in potable water supply to Mercer Island caused by the aforementioned leak. The City Council ratified this Proclamation on May 21 ([AB 6471](#)).

- The 24-inch concrete cylinder water transmission line located in the SE 40th Street right-of-way was constructed in 1956 and has required several leak repairs over the years.
- The City and Shorewood Apartments are the two wholesale customers served by SPU's water transmission line. The City is responsible for 97.2% of the costs associated with this transmission line, with the balance of cost responsibilities belonging to the Shorewood Apartments.
- Given the overwhelming cost responsibility held by the City, and the importance of this water transmission line, the City began exploring options to replace this segment of pipe with a stronger, earthquake resistant transmission line in an alternative alignment.
- The estimated planning level cost for this replacement, together with other related improvements, is \$19 million.

BACKGROUND

SPU is the sole provider of potable water to Mercer Island. On April 3, 2024, the City learned that the SPU 24-inch water transmission line to Mercer Island was leaking in the steep sloped area in the SE 40th Street right-of-way, just north of where Mercerwood Drive meets SE 40th Street. Consequently, SPU crews significantly reduced and then shut off flow to the transmission line, eliminating its use as the primary transmission line. Mercer Island received water through a smaller backup pipeline beginning April 4, 2024 and implemented emergency conservation actions due to the constrained supply.

SPU and their specialty contractor, in coordination and collaboration with the City, completed repairs and testing, restoring flow through the SPU transmission line on August 1, 2024. The repaired section was slip-lined with approximately 1,300 feet of structural liner, reducing its diameter from 24-inches to 17.4-inches. This loss of carrying capacity was analyzed to understand the impact on the water supply and deemed acceptable.

With the repair complete, the City Manager issued [Proclamation No. 344](#) ending the state of local emergencies related to the SPU water pipeline leaks, respectively declared in [Proclamation No. 327](#) and [Proclamation No. 329](#).

ISSUE/DISCUSSION

Challenges with the Existing Water Supply Transmission Line Segment

The development of the leak in this critical water transmission line highlighted several important issues. Access to the pipeline near the leak is very difficult, as it is located under a steep slope, and in close proximity to high- and low-pressure natural gas pipelines. The area to the east has a history of slope instability, requiring multiple repairs to joints in the pipeline since shortly after its installation in 1956.

The existing 24-inch pipe is comprised of a steel cylinder wrapped with a concrete casing. While this material composition was common in the 1950s, this style of pipe is recognized as being non-resilient in seismically active areas, and as demonstrated, in areas with even small and slow slope movement. This region has recognized the need to make incremental improvements to vulnerable life-line infrastructure in response to improved understanding of local earthquake risks.

Although owned and operated by SPU, the City bears 97.2% of the cost responsibility for this segment of pipe, without commensurate control over decision-making related to operations, maintenance, and long-term capital investment. SPU has been an excellent partner in water supply, but decisions related to large, on-island infrastructure are better made by local utility managers and policymakers.

Considered Alternatives

“Do Nothing” SPU’s recent repair mitigated the immediate adverse impact on the City’s water supply and has an estimated “useful” life projection of approximately 50 years. Challenges remain, however, due to the transmission line’s location in an area with known slope movement, difficult access in some portions, and being constructed of materials that are not seismically resilient. Additionally, the City is responsible for the entire cost of the transmission line segment, despite having only secondary and negotiated control over infrastructure decisions.

“New City Owned Pipeline” Moving the critical 24-inch transmission line out of the SE 40th Street corridor, and converting to a City-owned asset would consolidate control with responsibility, provide a more resilient and reliable water supply line, and reduce risk in a vulnerable area. Multiple routes for construction of a replacement transmission line were reviewed, but topography and rights-of-way alignments constrain viable options.

The alignment from the Boat Ramp area, north on E. Mercer Way, west on SE 36th Street, and southwest up Gallagher Hill Road to SE 40th Street (see Exhibit 1) is the most feasible route. Hydraulic and planning level studies were conducted, evaluating different pipe sizes and materials. The alternative alignment is longer than the current alignment but is a more reliable route and will meet supply needs with a 24-inch transmission line. This alignment also has the advantage of simultaneously replacing an old asbestos-cement pipeline in Gallagher Hill Road that was scheduled for replacement in 2025. The following Table summarizes the planning level costs developed for this work, including the estimated cost to provide a new connection to Shorewood Apartments, which is discussed further below. These costs are planning level estimates and further refinement will occur with project design and contract negotiations pertaining to assuming ownership of the new infrastructure.

Description	Estimated Cost ¹
24” Restrained Joint Ductile Iron Pipe (RJDIP) Design, Construction Management, Admin, & Permitting ²	\$2,247,000
24” RJDIP Construction	\$8,981,000
Subtotal – New Supply Transmission Line Project	\$11,228,000
AC Pipe removal (currently in path of new transmission line) ³ Upsizing the 12-inch near the tanks	\$1,812,000
Replace 8-inch AC main along Gallagher Hill Rd ³	\$1,336,500
New vault with control valve and flow meter at boat ramp ³	\$2,314,500
Connect Shorewood Apartments at 88 th Ave SE and 90 th Ave SE ^{3,4}	\$2,082,000
Total project cost	\$18,773,000

Notes:

1. Costs are best estimate plus 50% values (Class 5 planning level opinion of probable cost).
2. Design and related services sum to be approximately 25% of the construction cost.
3. Estimates include design, Construction Management, Administration, Permitting and Construction.
4. Decision to proceed subject to discussion and approval from SPU, Shorewood Apartments, and City policymakers, and further evaluation of appropriate cost allocations.

This project will design and construct a new, City-owned 24-inch transmission line that connects to the current SPU infrastructure on 92nd Avenue SE, and west on SE 43rd Street where the SPU meter is located. These remaining segments of pipe (92nd Avenue SE and SE 43rd Street) are currently owned and operated by SPU and would necessitate negotiations with SPU to transfer this existing pipeline segment, for which the City

is currently 100% financially responsible, to the City. The City and SPU have had preliminary discussions about this option and this option is attainable.

Shorewood Apartments Supply

The SPU transmission line includes a combination of “reaches” or sections of pipe that are owned and operated by SPU. They include Reach 3 and Reach 4 and the Shorewood Apartment connection (see Exhibit 1). Currently, Shorewood Apartments is a direct customer of SPU, with water feeds coming from the 24-inch transmission line. In the most recent emergency, along with a previous water supply emergency in 2023, temporary connections to the Shorewood Apartments from the City’s distribution system were needed to maintain water supply. Fire flow protection during these periods was significantly impaired.

City engineering staff, with consultant support, evaluated several feasible options to provide service to the Shorewood Apartments in the future. The preferred option is to connect Shorewood Apartments via two new pipes and master meters fed from SE 36th Street on 88th and 90th Avenues SE. Should this proposed design move forward, Shorewood Apartments will need to become a direct customer of the City of Mercer Island.

The primary advantages to the City would be the elimination of the need to mobilize personnel to provide temporary connections whenever SPU supply is interrupted, and reduction of risk posed by Shorewood Apartment’s aging asbestos cement and cast-iron transmission pipelines on SE 40th Street, 90th Avenue SE, SE 37th Street, and 88th Avenue SE.

Alternatively, Shorewood Apartments can remain connected to SPU’s 24-inch transmission line and remain a SPU wholesale customer; however, the existing 24-inch transmission line would remain in service.

Any future solution will require additional discussion and negotiation between the City, SPU, and the owners of the Shorewood Apartments.

NEXT STEPS

The purpose of this agenda bill is to approve the inclusion of a project to design and construct a new 24-inch ductile iron transmission line in the 2025-2030 Capital Improvement Plan. This authorization allows staff to proceed to the next steps, which are further described below.

Upon approval of this project, staff will evaluate the optimal project delivery and funding approaches to ensure efficiency and effectiveness and return to the City Council with a recommendation and appropriation request to commence design. Staff will also begin negotiations with SPU to address ownership issues and further explore alternatives for service to the Shorewood Apartments. Finally, an amended Wholesale Service Contract and construction contract will be brought back to the City Council for review and approval.

Given the size, scope, and importance of this project, the City Manager is also recommending this project be included in a capital funding request to the Washington State Legislature. The recommended motion includes authorization for staff to prepare the necessary materials to proceed with this capital funding request.

RECOMMENDED ACTION

Move to direct staff to include the design and construction of a new 24-inch transmission line in the 2025-2030 Capital Improvement Plan; negotiate a preferred pipeline alignment and ownership from Seattle Public Utilities; identify long-term solutions to serve the Shorewood Apartments; prepare an amended Wholesale

Service Contract; and, return to the City Council with a recommended project funding plan. In addition, direct the City Manager to prepare a capital funding request for submission to the Washington State Legislature and include this request as part of the City's 2025 Legislative Priorities. Further, authorize the Mayor and Deputy Mayor to commence conversations with State legislative representatives about this project and the corresponding capital funding request.

OVERVIEW OF SPU SUPPLY LINE

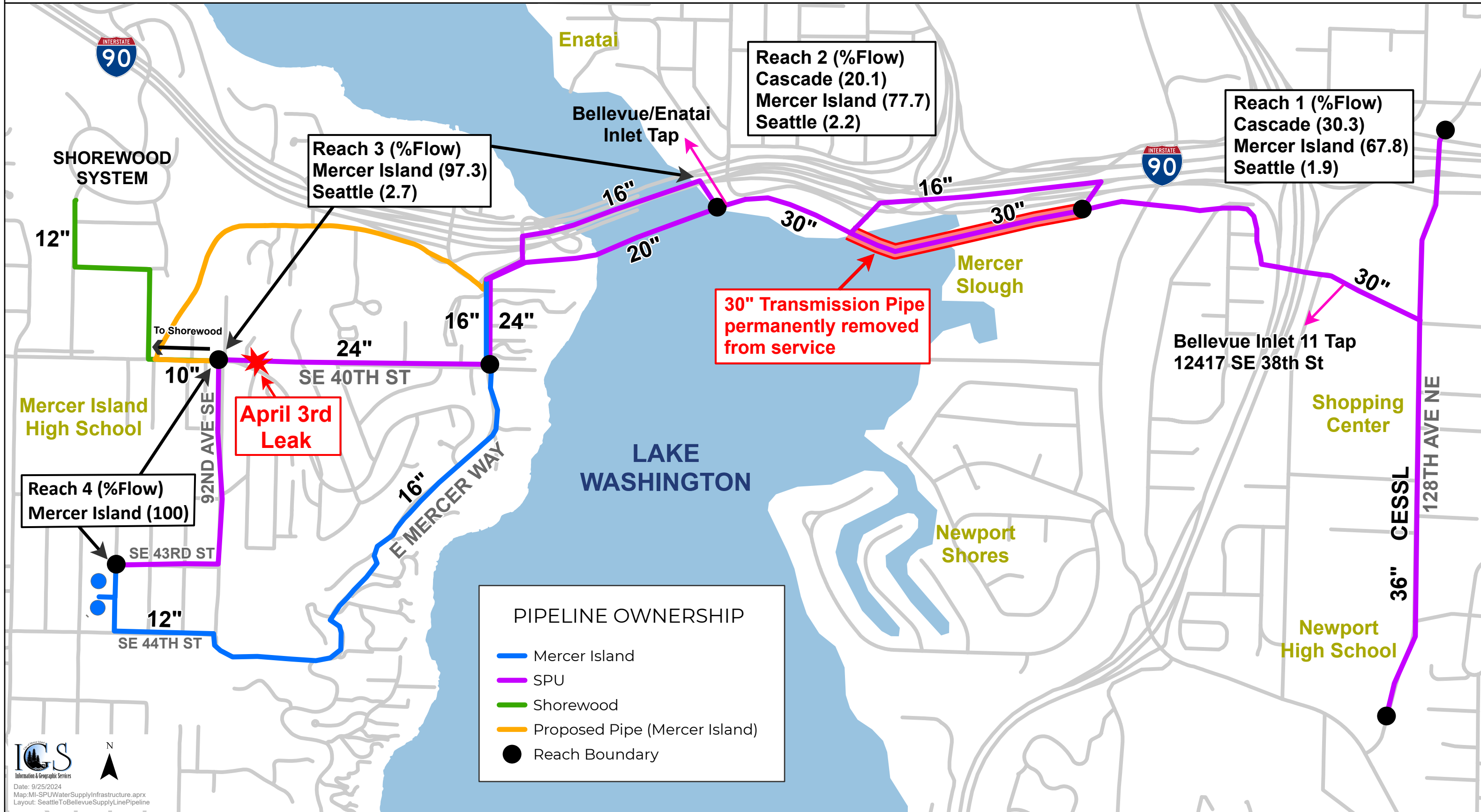


EXHIBIT 1



2024 PLANNING SCHEDULE

Item 14.

Please email the City Manager & City Clerk when an agenda item is added, moved, or removed.

Items are not listed in any particular order. Agenda items & meeting dates are subject to change.

OCTOBER 15, 2024		DD	FN	CA	Clerk	CM
ABSENCES:		10/4	10/7	10/7	10/8	10/8
ITEM TYPE TIME TOPIC				STAFF		
STUDY SESSION						
SPECIAL BUSINESS						
CONSENT AGENDA						
--	AB xxxx: October 4, 2024 Payroll Certification			Ali Spietz/Nicole Vannatter		
--	AB 6539: 2024 Work Plan Update			Jessi Bon/Casey Thompson		
REGULAR BUSINESS						
30	AB xxxx: Public Hearing and 2025-2026 Biennial Budget Workshop (Revenue Forecast, Operating Budget & Budget Proposals)			Matt Mornick		
30	AB 6551: First Reading of Ord No. 24C-15 Open Space Zone Code Amendment			Jessi Bon/Alison Van Gorp/Carson Hornsby		
30	AB 6552: ARCH 2025 Work Program and Budget Approval			Alison Van Gorp		
15	AB 6553: Reallocation of ARCH HTF Funds for Redmond Plymouth Housing Project			Alison Van Gorp		
30	AB xxxx: Review 2025 Draft Legislative Strategy			Jessi Bon/Robbie Cunningham Adams		
EXECUTIVE SESSION						

NOVEMBER 5 – POTENTIALLY MOVING TO NOVEMBER 4		DD	FN	CA	Clerk	CM
ABSENCES:		10/24	10/25	10/25	10/28	10/28
ITEM TYPE TIME TOPIC				STAFF		
STUDY SESSION						
30	AB xxxx: Review Comprehensive Emergency Management Plan (CEMP)			Amanda Keverkamp		
SPECIAL BUSINESS						
CONSENT AGENDA						
--	AB xxxx: October 18, 2024 Payroll Certification			Ali Spietz/Nicole Vannatter		
--	AB xxxx: Shop Small Month Proclamation No. xxx			Mayor Nice/Deb Estrada		
--	AB xxxx: Second Reading of Ord No. 24C-15 Open Space Zone Code Amendment			Jessi Bon/Alison Van Gorp/Carson Hornsby		

REGULAR BUSINESS		
15	AB xxxx: Board & Commission Appointments – Planning Commission (Resolution No. xxxx)	Mayor Nice/Deputy Mayor Rosenbaum/Andrea Larson
30	AB xxxx: 2025-2026 Biennial Budget Workshop (TENTATIVE – AS NEEDED)	Matt Mornick
60	AB xxxx: First reading of Ord. No. 24C-16 related to the 2024 Comprehensive Plan Periodic Update	Jeff Thomas/Adam Zack
EXECUTIVE SESSION		

NOVEMBER 19, 2024		DD	FN	CA	Clerk	CM
ABSENCES:		11/8	11/8	11/8	11/12	11/12
ITEM TYPE TIME TOPIC				STAFF		
STUDY SESSION						
SPECIAL BUSINESS						
CONSENT AGENDA						
--	AB xxxx: November 1, 2024 Payroll Certification					Ali Spietz/Nicole Vannatter
--	AB xxxx: Second reading of Ord. No. 24C-16 related to the 2024 Comprehensive Plan Periodic Update					Jeff Thomas/Adam Zack
REGULAR BUSINESS						
60	AB xxxx: Resolution No. xxxx setting the 2025 Docket					Jeff Thomas/Molly McGuire
30	AB xxxx: Public Hearing: 2025-2026 Biennial Budget Workshop (Third Quarter 2024 Financial Status Update and Budget Amending Ordinance; Adoption of NORCOM Resolutions; First Reading of the 2025 Property Tax Ordinances)					Matt Mornick
30	AB xxxx: Public Hearing and first reading of Ord. No. 24C-xx on Interim Regulations Related to Permit Processing in Chapters 19.15 and 19.16 MICC					Jeff Thomas/Molly McGuire
30	AB xxxx: Public Hearing and first reading of Ord. No. 24C-xx on Interim Regulations related to Middle Housing (HB 1110 / HB 1337) in Title 19 MICC					Jeff Thomas /Alison Van Gorp
30	AB xxxx: Public Hearing and first reading of Ord. No. 24C-xx on Interim Regulations related to the 2024 Comprehensive Plan Periodic Update and HB 1220 for affordable housing capacity and requirements in Title 19 MICC					Jeff Thomas/Adam Zack
30	AB xxxx: King County Regional Hazard Mitigation Plan					Amanda Keverkamp
EXECUTIVE SESSION						

DECEMBER 3, 2024		DD	FN	CA	Clerk	CM
ABSENCES:		11/22	11/25	11/25	11/26	11/26
ITEM TYPE TIME TOPIC				STAFF		

STUDY SESSION		
SPECIAL BUSINESS		
CONSENT AGENDA		
--	AB xxxx: November 15, 2024 Payroll Certification	Ali Spietz/Nicole Vannatter
--	AB xxxx: 2025 Fee Schedule Adoption (Resolution No. xxxx)	Ali Spietz
--	AB xxxx: Second reading of Ord. 24C-xx on Interim Regulations Related to Permit Processing in Chapters 19.15 and 19.16 MICC	Jeff Thomas/Alison Van Gorp
--	AB xxxx: Second reading of Ord. No. 24C-xx on Interim Regulations related to Middle Housing (HB 1110 / HB 1337) in Title 19 MICC	Jeff Thomas/Alison Van Gorp
--	AB xxxx: Second reading of Ord. No. 24C-xx on Interim Regulations related to the 2024 Comprehensive Plan Periodic Update and HB 1220 for affordable housing capacity and requirements in Title 19 MICC	Jeff Thomas/Adam Zack
--	AB xxxx: Lincoln Landing Watercourse Improvements Project Closeout	Jason Kintner/Clint Morris/Paul West
--	AB xxxx: Luther Burbank Park South Shoreline Restoration Project Closeout	Jason Kintner/Clint Morris/Paul West
REGULAR BUSINESS		
15	AB xxxx: 2025-2026 Biennial Budget Adoption	Matt Mornick
EXECUTIVE SESSION		

DECEMBER 17, 2024 (POTENTIAL CANCELED)		DD	FN	CA	Clerk	CM
ABSENCES:		12/6	12/9	12/9	12/10	12/10
ITEM TYPE TIME TOPIC				STAFF		
STUDY SESSION						
SPECIAL BUSINESS						
CONSENT AGENDA						
REGULAR BUSINESS						

EXECUTIVE SESSION	

2025 PLANNING SCHEDULE

JANUARY 7, 2025		DD	FN	CA	Clerk	CM
ABSENCES:						
ITEM TYPE TIME TOPIC				STAFF		
STUDY SESSION						
SPECIAL BUSINESS						
CONSENT AGENDA						
--	AB xxxx: November 27, 2024 Payroll Certification			Ali Spietz/Nicole Vannatter		
--	AB xxxx: December 13, 2024 Payroll Certification			Ali Spietz/Nicole Vannatter		
--	AB xxxx: December 27, 2024 Payroll Certification			Ali Spietz/Nicole Vannatter		
REGULAR BUSINESS						
45	AB xxxx: YFS Community Needs Assessment and 2023 WA Healthy Youth Survey			Ali Spietz/Derek Franklin/ Michelle Ritter		
EXECUTIVE SESSION						